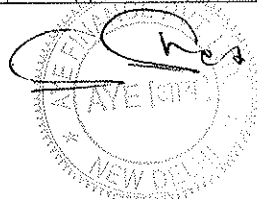


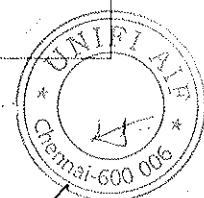
### Indicative terms and conditions

**Purpose:** the purpose of this document ("the Indicative Term Sheet") is to outline the terms and conditions of a potential Non-Convertible Debenture issuance by the Issuer proposed to be subscribed to by the Investor. This Indicative Term Sheet does not constitute a final offer, is not exhaustive and may be subject to change.

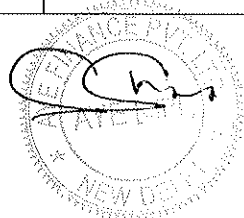
<b>Issuer</b>	Aye Finance
<b>Investor(s)/Debenture Holders</b>	Unifi AIF
<b>Debenture Trustee</b>	To be decided (TBD)
<b>Issuance</b>	Rated, Listed, Taxable, Senior, Unsecured, Redeemable INR denominated non-convertible debentures
<b>Issuance mode</b>	Dematerialized, Private Placement
<b>Listing</b>	Debentures are to be listed on the WDM of the BSE within a maximum period of 180 calendar days from the Deemed Date of Allotment.  In the event that the Debentures are not listed within 180 calendar days of the Deemed Date of Allotment, the Company shall pay to the Debenture Holders an additional penalty interest at the rate of 1% (one percent) per annum over the Coupon Rate from the expiry of 180 calendar days from the Deemed Date of Allotment until the listing of the Debentures.
<b>Rating</b>	BBB- or above
<b>Issue Size</b>	25 crs (Twenty Five Crores)
<b>Tenor</b>	3 Years from the date of allotment.
<b>Call / Put Option</b>	Not Applicable
<b>Utilization of the proceeds</b>	The Issue proceeds will be utilized for raising debt in relation to the ongoing business operations of the Company.
<b>Processing Fees</b>	0.325% flat on the total investment made
<b>Coupon Rate</b>	13.25% p.a for Year 1; 12.75% for Year 2 and 12.50% for Year 3
<b>Coupon Payment Frequency</b>	Annual and on Maturity
<b>Coupon Type</b>	Fixed Rate
<b>Day Count Basis</b>	Actual/Actual
<b>Interest on Application Money</b>	Interest at the rate of 13.50% p.a. (subject to deduction of tax at source at the rate prevailing from time to time under the provisions of the Income Tax Act, 1961) will be paid on Application Money to the Applicants from the date of realization of the cheques / drafts or credit through RTGS / NEFT / direct credit upto one day prior to the Deemed Date of Allotment. This is applicable for all valid applications within 5 (five) Business Days from the Deemed Date of Allotment. Where the entire subscription amount has been refunded, the interest on Application Money will be paid along with the refund orders or through RTGS



	/ NEFT / direct credit to the bank account of the Applicant as described in the Application Form.
<b>Default Interest Rate</b>	If, at any time, there shall be a payment default or any other Event of Default, the Company agrees to pay an additional interest rate of 2% per annum above the applicable Interest Rate on the Outstanding Principal Amount from the date of the occurrence of the Payment Default or Event of Default until such Payment Default or Event of Default is cured.
<b>Prepayment and Prepayment Penalty</b>	Any full or part of Prepayment shall be subject to the consent of the Majority of all Debenture Holders. In case of early redemption of the Debentures, at the instance of the Issuer and post consent of majority debenture holders, on any date other than the Maturity Date and not arising due to an Event of Default, the issuer shall pay a penalty of 3% (Three Percent) on the principal amount repaid. The issuer shall give the Debenture Trustee and the Debenture Holders at least 30 (Thirty) Calendar Days written notice prior to the date of such meeting where Debenture Holders consent for prepayment shall be sought.
<b>Redemption Premium/Discount</b>	None
<b>Issue Price</b>	INR 1,00,000 per Debenture (At PAR)
<b>Number of Debentures Issued</b>	2500
<b>Face Value</b>	INR 1,00,000 per Debenture
<b>Issue Timing</b>	<ol style="list-style-type: none"> <li>1. Issue Opening Date: Feb 27, 2018</li> <li>2. Issue Closing Date: Feb 27, 2018</li> <li>3. Pay in Date: Feb 27, 2018</li> <li>4. Deemed Date of Allotment: Feb 27, 2018</li> </ol>
<b>Issuance mode of the Instrument</b>	Demat only
<b>Trading mode of the Instrument</b>	Demat only
<b>Settlement mode of the Instrument</b>	RTGS
<b>Depository</b>	Both NSDL and CDSL
<b>Business Days</b>	A day (other than a Saturday, a Sunday or a Bank Holiday) on which banks are open for general business in Bangalore and Mumbai.
<b>Business Day Convention</b>	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 Outstanding Principal Amounts, in which case the payment to be made on such Due Date shall be made on the immediately preceding Business Day.
<b>Record Date</b>	15 calendar days prior to the proposed date on which any payments are required to be made in respect of the Debentures to the Debenture Holders.
<b>Transaction Documents</b>	<p>Shall collectively mean:</p> <ol style="list-style-type: none"> <li>a. the Debenture Subscription Agreement;</li> <li>b. the Debenture Trust Deed;</li> <li>c. this Disclosure Document;</li> <li>d. the Debenture Trustee Appointment Agreement; and any other document designated as a Transaction Document.</li> </ol>



<b>Conditions Precedent to Disbursement</b>	<p>The Company will fulfil the following conditions precedent, to the satisfaction of the Debenture Trustee, prior to the Deemed Date of Allotment:</p> <ol style="list-style-type: none"> <li>1. submit to the Debenture Trustee, a copy of resolution of the Company's board of directors authorizing the execution, delivery and performance of the Transaction Documents</li> <li>2. submit to the Debenture Trustee, copies of the resolutions of the shareholders of the Company under Section 42 of the Companies Act.</li> <li>3. submit to the Debenture Trustee, a copy of the Company's constitutional documents</li> <li>4. provide such other information, documents, certificates, opinions and instruments as the Debenture Holder may reasonably request;</li> <li>5. execution, delivery and stamping of the Transaction Documents in a form and manner satisfactory to the Debenture Trustee;</li> <li>6. receipt and submission of the rating letter issued by the Rating Agency in relation to the Debentures;</li> <li>7. receipt of consent from the Debenture Trustee to act as the debenture trustee for the issue of Debentures;</li> <li>8. submission of all 'know your customer' requirements to the satisfaction of the Debenture Trustee;</li> <li>9. Submit to the Debenture Trustee, the audited financial statements of the Company for the Financial Year ended March 31, 2017.</li> </ol>
<b>Conditions Subsequent to Disbursement</b>	<p>The Company shall fulfill the following conditions subsequent, to the satisfaction of the Debenture Trustee, pursuant to the Deemed Date of Allotment:</p> <ol style="list-style-type: none"> <li>(a) The Company shall ensure that the Debentures are credited into the demat accounts of the Debenture Holders of each series of Debentures within 10 (ten) Business Days from the Deemed Date of Allotment;</li> <li>(b) The Company shall, inter alia, 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 ROC with the prescribed fee within 30 (thirty) calendar days from the date of the Private Placement Offer Letter and file a return of allotment of securities under Form PAS-3 under Section 42 of the Companies Act read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 with the ROC within 30 (thirty) calendar days of the Deemed Date of Allotment along with a list of the Debenture Holders and with the prescribed fee; and</li> <li>(c) The Company shall 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 SEBI within 30 (thirty) calendar days from the date of the Private Placement Offer Letter.</li> </ol>
<b>Roles and Responsibilities of Debenture Trustee</b>	To oversee and monitor the overall transaction for and on behalf of the Debenture Holders.
<b>Debenture Redemption Reserve</b>	Not applicable
<b>Other Expenses</b>	Any expenses that may be incurred towards executing of this transaction including NCD issuance, custodial services, payment of stamp duty, fees for legal , accounting , due diligence and others shall be borne by the Issuer.
<b>Governing Law and Jurisdiction</b>	The Debentures shall be subject to the exclusive jurisdiction of the competent courts in Chennai



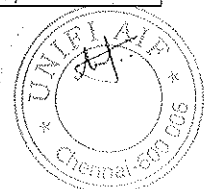
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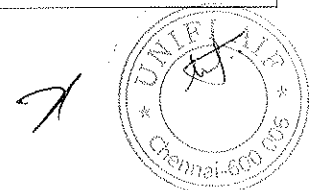
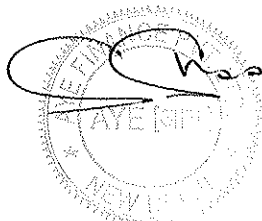
<b>Events of Default</b>	<p>Following Events would be construed as Events of Default -</p> <ol style="list-style-type: none"> <li>1. Non-payment of any of the dues under this Issuance, with a grace period of 3 (Three) calendar days in case of delays due to technical reasons;</li> <li>2. Default or trigger of event of default on any other indebtedness (cross default)</li> <li>3. Misrepresentation or misleading information in any of the Transaction Documents</li> <li>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;</li> <li>5. Event of Insolvency, winding up, liquidation</li> <li>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;</li> <li>7. If an attachment or expropriation or restraint of act of sequestration is levied on the Hypothecated Assets or any part thereof;</li> <li>8. Creditors' processes initiated against the company</li> <li>9. Repudiation of Transaction Documents</li> <li>10. Cessation of business</li> <li>11. 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</li> <li>12. The Company has taken or suffered to be taken any action for reduction of its capital or any rearrangement, merger or amalgamation without the prior written approval of the Debenture Holders;</li> <li>13. Promoters or key management personnel of the Company being declared willful defaulter.</li> <li>14. The promoter/s and/or the directors of the Company are convicted of criminal offence involving moral turpitude, dishonesty or which otherwise impinges on the integrity of the promoter/s and/or director, including any accusations, charges and/or convictions of any offence relating to bribery;</li> <li>15. Erosion of 50% or more of the Company's net worth starting April 1st, 2018</li> <li>16. All or a material part of the undertaking, assets, rights or revenues of the Company are condemned, seized, nationalized, 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;</li> <li>17. Occurrence of a Material Adverse Effect (defined below) as determined by the Debenture Trustee, acting solely on the instructions of the Majority Debenture Holders.</li> <li>18. Change in management control without prior written consent from the majority Debenture Holders. Any new equity raising and related change in board composition would be communicated to Debenture Holders and consent would be sought. If there is no response within 7 calendar days, it will be deemed as consent given by Debenture Holders.</li> <li>19. Any Transaction Document once executed and delivered, ceases to be in full force or becomes unlawful, invalid and unenforceable;</li> </ol>
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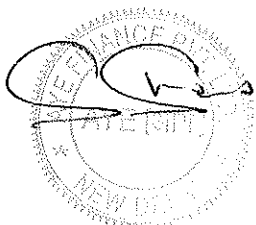
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	<p>20. A petition for the reorganization, arrangement, adjustment, winding up or composition of debts of the Company is filed on the Company (voluntary or otherwise) or have been admitted or makes an assignment for the benefit of its creditors generally and such proceeding is not contested by the company for staying, quashing or dismissed within 15 (Fifteen) days</p> <p>21. Breach of the following covenants:</p> <p>Affirmative Covenants – (i) Preserve corporate status; authorizations, (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;(ix) Rating downgrade below BBB-</p> <p>a) If rating is downgraded to BB+ then coupon will increase by 2%;</p> <p>b) If rating is downgraded below BB+ it will be considered as an event of default.</p> <p>Where such breach is not cured within 30 (thirty) calendar days.</p> <p>a) Negative Covenants - (i) Change of business, (ii) Change of Managing Director and (iii) Dividend distribution in case of default</p> <p>b) Financial Covenants where such breach is not cured within 60 (Sixty) 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,</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 immediately</p> <p>'Material Adverse Effect' shall mean the effect or consequence of an event, circumstance, occurrence or condition which has caused, as of any date of determination, a material and adverse effect on (i) the financial condition, business or operation of the Issuer where net worth erodes by more than 10%; (ii) the ability of the Issuer to perform their obligations under the Transaction Documents; or (iii) the validity or enforceability of any of the Transaction Documents (including the ability of any party to enforce any of its remedies thereunder).</p>
<p><b>Reporting Covenants</b></p>	<p>Quarterly Reports – within 45 (Forty Five) calendar days from the end of each financial quarter</p> <p>a) Unaudited Financial Statements</p> <p>b) Financial covenant compliance certificate signed by a Director or the Chief Financial Officer</p> <p>c) Latest ALM details</p> <p>d) Change in Shareholding structure</p> <p>e) Change in Board composition</p> <p>f) Changes in accounting policy</p> <p>g) Change in senior management officials (any CXO or equivalent)</p>



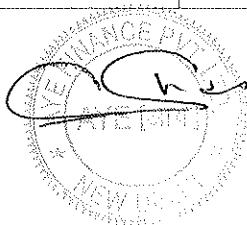
	<p><b>Annual Reports</b> – within 90 (ninety) calendar days from the end of each financial year</p> <p>a) Audited financial statements</p> <p><b>Event Based Reports</b> – within 15 (Fifteen) Business Days of the event occurring</p> <p>a) Any fraud amounting to more than 1.0% of Gross Loan Portfolio</p> <p>b) Change in the constitutional documents of the Company</p> <p>c) Material Adverse Effect</p> <p>d) Any dispute, litigation, investigation or other proceeding which could result in a Material Adverse Effect.</p> <p>e) Winding up proceedings</p> <p>f) Any Event of Default or Potential Default, and any steps taken / proposed to remedy the same.</p>
<b>Financial Covenants</b>	<p>1. The capital adequacy ratio (as defined in RBI NBFC Regulations) shall be equal to 16.5% or above at all points in time.</p> <p>2. Asset Quality: Ratio of PAR-90 to Gross Loan Portfolio shall be 7% or lower.</p> <p>“Gross Loan Portfolio” shall include on balance sheet and off balance sheet portfolio</p> <p>“Off Balance Sheet Portfolio” shall mean principal balance of loans securitized, assigned, originated on behalf of other institutions in respect of which the Issuer has provided credit enhancements in any form or manner whatsoever</p> <p>“PAR-90” shall mean the outstanding principal amount of all client loans that have one or more instalments of principal past due for ninety days or more.</p> <p>“Client Loan” means each loan made by the Company as a lender.</p> <p>“Loan Loss Reserves” means the portion of the Company's portfolio of client loans that has been expensed (provisioned for) in anticipation of losses due to default.</p> <p>“Gross NPA” shall have the meaning in accordance with the guidelines issued by the Reserve Bank of India.</p> <p>All covenants would be tested on quarterly basis for the Company, i.e. as on 31st March, 30th June, 30th September and 31st December every year, starting from 30<sup>th</sup> June 2017 on consolidated and standalone balance sheet till the redemption of the Debentures.</p> <p>The covenants shall be certified by the Company within 60 (Sixty) calendar days from the end of each financial quarter.</p>
<b>Affirmative Covenants</b>	<p>1. To utilise the proceeds of this issue in accordance with applicable laws and regulations</p> <p>2. To comply with corporate governance, fair practices code prescribed by the RBI</p> <p>3. Notification of any potential Event of Default or Event of Default;</p> <p>4. Obtain, comply with and maintain all licenses / authorizations</p>



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	<ol style="list-style-type: none"> <li>5. Provide details of any material litigation, arbitration or administrative proceedings (materiality threshold to be finalized during documentation)</li> <li>6. Maintain internal control for the purpose of (i) preventing fraud on monies lent by the Company; and (ii) preventing money being used for money laundering or illegal purposes</li> <li>7. Permit visits and inspection of books of records, documents and accounts to debenture holders as and when required by them</li> <li>8. Comply with any monitoring and/or servicing requests from Debenture Holders</li> </ol>
<b>Negative Covenants</b>	<p>The Issuer shall not without the prior written permission of the majority Debenture Holders and Debenture Trustee, do or undertake to do any of the following:</p> <ol style="list-style-type: none"> <li>1. Change in promoter, ownership or control (excluding Employee Stock Option). Any new equity raising and related change in board composition would be communicated to Debenture Holders and consent would be sought. If there is no response within 7 calendar days, it will be deemed as consent given by Debenture Holders. However, any other changes in control not due to new equity raise will have to be formally approved by Debenture holders and deemed consent window is not applicable.</li> <li>2. Mergers and Acquisitions, restructuring, amalgamation without approval of majority Debenture Holders over and above 10% of the Net worth of the Issuer in a financial year</li> <li>3. The Issuer shall not, without the prior approval of Debenture Holders, enter into any transaction of merger, de-merger, consolidation, re-organization, scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction; provided however that this restriction shall not apply in the event that the compliance with this restriction would result in the Issuer defaulting in relation to any of its payment obligations in relation to the Debentures.</li> <li>4. The Issuer will not purchase or redeem any of its issued shares or reduce its share capital without the majority Debenture Holders' prior written consent;</li> <li>5. Issuer shall not amend or modify clauses in its Memorandum of Association and Article of Association, where such amendment would have a Material Adverse Effect as defined earlier, without prior consent of the Debenture Trustee</li> <li>6. Unless mandated by law, Issuer shall not change its financial year-end from 31st March (or such other date as may be approved by Debenture Holders) without prior consent of the Debenture Trustee</li> <li>7. Any sale of assets/business/division that has the effect of exiting the business or re-structuring of the existing business, to be with the prior consent of the majority debenture holder</li> <li>8. The issuer shall not declare dividend or do buy back of equity shares, if an Event of Default has occurred and is subsisting.</li> <li>9. The issuer shall not undertake any new major new business outside financial services or any diversification of its business outside financial services, without approval of majority NCD holders</li> </ol>
<b>Representations &amp; Warranties</b>	<ol style="list-style-type: none"> <li>1. The Company is registered with the RBI as an NBFC</li> <li>2. No Event of Default has occurred and is continuing on the date of this transaction</li> <li>3. The Debentures under this Issuance shall rank pari passu amongst themselves, and with all other <b>unsecured</b> creditors.</li> <li>4. Binding obligation of Transaction Documents</li> <li>5. No conflict with other obligations / constitutional documents</li> <li>6. No Material Adverse Change in business, condition or operations of the Issuer</li> </ol>



	<p>7. Company has the power and authority to issue Debentures and such Transactions Documents are valid and admissible in evidence</p> <p>8. Absence of any pending or threatened litigation, investigation or proceedings that may have a material adverse effect on the business condition (financial or otherwise), operations, performance or prospects of the Issuer or that purports to affect the Facility</p> <p>And as set out in greater detail in the Debenture Trust Deed.</p>
<b>Indemnification</b>	The Issuer will indemnify, and hold harmless the Debenture Holders from and against any claim, liability, demand, loss, damage, judgment or other obligation or right of action which may arise as a result of breach of this Term Sheet by the Issuer or its Promoter/s.
<b>Confidentiality</b>	The terms and conditions described in this Term Sheet, including its existence, shall be confidential information and shall not be disclosed to any third party except to each Party's advisors and counsel. Provided however that if any of the Parties is required by law to disclose information regarding this Term Sheet or to file this Term Sheet with any regulatory body, it shall, at a reasonable time after making any such disclosure or filing, informing the other Parties.
<b>Validity</b>	This term sheet shall be valid till 28-Feb-2018

For AYE FINANCE (P) LTD.

Authorised Signatory

For UNIFI AIF

AUTHORISED SIGNATORY