

**Asirvad Microfinance Limited ("Asirvad")**

*Disclaimer: This is an indicative, non-binding term sheet and is submitted for discussion purpose only. Definitions of terms used herein and clauses customary to transaction of this nature would be detailed & finalized at the documentation stage. If there is any typo error, same to be rectified at documentation stage.*

<b>Issuer/Company</b>	Asirvad Microfinance Limited ("Asirvad")
<b>Investor(s)/Debenture Holders</b>	Aditya Birla Sun Life Asset Management Company Limited
<b>Rating Agency</b>	CRISIL
<b>Issuance</b>	Partly Paid, Rated, Listed, Senior, Unsecured, Redeemable, Taxable, Non-Convertible Debentures ("NCDs" or "Debentures")
<b>Ranking</b>	<p>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 pari passu to all senior, unsecured indebtedness of the Issuer.</p> <p>Each of the Debenture Holders shall inter-se rank pari passu in relation to their rights and benefits in relation to the Debentures, without any preference or privilege.</p>
<b>End Use</b>	<p>The proceeds of the Issuance will be utilized for the following purposes:</p> <ul style="list-style-type: none"><li>• General corporate purposes</li><li>• for the ordinary course of business of the Issuer including repayment/re-financing of existing debt</li></ul> <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>
<b>Amount/Issuance Size</b>	INR 250,00,00,000 (Indian Rupees Two Hundred Fifty Crores Only)
<b>Issue price</b>	At par
<b>Face value per Debenture</b>	INR 10,00,000 (Indian Rupees Ten Lakh Only)
<b>Issue Price</b>	INR 10,00,000 (Indian Rupees Ten Lakh Only)
<b>Minimum subscription amount</b>	INR 1,00,00,000 (Indian Rupees One Crore Only)
<b>Initial Subscription Amount</b>	20% of the Face Value of Debentures (Rs 50 crores)
<b>Additional Subscription Amount</b>	Subscriber/Debenture Holder will have the right, but not the obligation, to subscribe to an additional amount upto 80% of the Face Value of the Debentures on Additional Subscription Dates.
<b>Additional Subscription Dates</b>	Shall be the date falling on the completion of 6 and 12 months from the Initial Deemed Date of Allotment
<b>Rating</b>	CRISIL A+

<b>Tenor</b>	36 months from the Deemed Date of Allotment
<b>Put Option Date</b>	<p>Date 1: Shall be the date falling on the completion of 6 months from the Initial Deemed Date of Allotment</p> <p>Date 2: Shall be the date falling on the completion of 12 months from the Initial Deemed Date of Allotment</p> <p>Date 3: Shall be the date falling on the completion of 18 months from the Initial Deemed Date of Allotment</p> <p>Date 4: Shall be the date falling on the completion of 24 months from the Initial Deemed Date of Allotment</p> <p>Date 5: Shall be the date falling on the completion of 30 months from the Initial Deemed Date of Allotment</p>
<b>Put Notification Time</b>	30 (Thirty) calendar days before the exercise date. Once notified, the Issuer will have up to 30 days from the Put option exercise date to pay all outstanding amounts. From the notification date – this will be a maximum of 60 days.
<b>Interest Rate/Coupon Rate</b>	12.00% YTM
<b>Interest Type</b>	Fixed
<b>Rating downgrade clause</b>	<p>a) For one notch downgrade, coupon rate increases by 25 bps.</p> <p>b) Debenture Trustee has option to demand accelerated redemption at downgrade of 1 notch or more</p>
<b>Interest Payment Frequency</b>	Quarterly
<b>Principal Amortization</b>	Quarterly principal amortization
<b>Default Interest Rate</b>	<ul style="list-style-type: none"> <li>In case of default in payment of interest and / or principal redemption on the due dates, additional interest @ 2% p.a. over the Coupon Rate will be payable by the Issuer for the defaulting period.</li> <li>In case of default by the Issuer in the performance of any of the covenants of this Issuance, including but not limited to the financial covenants of this Issuance, additional interest @ 2% p.a. over the Coupon Rate will be payable by the Issuer for the defaulting period</li> </ul>
<b>Prepayment Penalty</b>	No prepayment.
<b>Redemption Amount</b>	The sum of the principal outstanding on the Debentures, accrued Coupon, Default Interest payable (if any) and other charges and fees payable.
<b>Transaction documents</b>	<p>The Issuer has executed/ shall execute the documents including but not limited to the following, as required, in connection with the Issue as per latest SEBI guidelines / Companies Act 2013 (as applicable) for issuance of NCDs through Private Placement:</p> <ol style="list-style-type: none"> <li>Letter appointing Trustees to the Debenture Holders;</li> <li>Debenture Trusteeship Agreement;</li> </ol>

	<ol style="list-style-type: none"> <li>3. Debenture Trust Deed;</li> <li>4. Information Memorandum;</li> <li>5. Private Placement Offer Letter (Form PAS 4);</li> <li>6. Board Resolution authorizing this Issuance;</li> <li>7. Applicable Shareholder Resolutions under the Companies Act 2013;</li> <li>8. Rating Agreement with the aforesaid Rating Agency(ies) with respect to this Issuance; and</li> <li>9. Tripartite Agreements with the Depository(ies) and Registrar &amp; Transfer Agent</li> <li>10. Agreed Term Sheet</li> </ol>
<b>Conditions Precedent</b>	<p>The Company shall fulfil the following Conditions Precedent the satisfaction of the Debenture Trustee and submit Conditions Precedent documentation where applicable to the Debenture Trustee, prior to the Pay in Date:</p> <ol style="list-style-type: none"> <li>1. All corporate approvals from the Board of Directors and shareholders of the Issuer, if applicable, shall have been received for the issuance of the NCDs, and the execution, delivery and performance by the Issuer of the Transaction Documents in accordance with the Companies Act, 2013, the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Companies (Share Capital and Debentures) Rules, 2014 and other rules prescribed;</li> <li>2. Execution of the Debenture Trustee Agreement and Debenture Trust Deed, in a form and manner satisfactory to the Debenture Trustee shall have taken place;</li> <li>3. The Issuer shall have submitted to the Debenture Trustee the rating letter and rating rationale;</li> <li>4. The Issuer shall have submitted to the Debenture Holders / Debenture Trustee, all required documents for the purpose of satisfying its respective KYC requirements;</li> <li>5. The Issuer shall have submitted to the Debenture Trustee a certified true copy of the constitutional documents of the Company (the Memorandum and Articles of Association and the Certificate of Incorporation)</li> <li>6. The Issuer shall have submitted to the Debenture Trustee its audited account statements for the most recent financial year or audited financial half-year</li> <li>7. Issuer to provide CRISIL rating letter of minimum CRISIL A+ for the NCDs</li> </ol>
<b>Conditions Subsequent</b>	<p>The Issuer shall ensure that the following documents are executed/activities are completed as per the time frame stipulated in the Debenture Trust Deed</p> <ol style="list-style-type: none"> <li>1. The Issuer shall immediately on receipt of funds, take on all necessary steps to, including making all applicable filings in the Registrar of Companies and obtaining all necessary approvals including filing Form PAS 5 along with the Information Memorandum and Form PAS 3 along with requisite fee within prescribed timelines;</li> <li>2. Receive final listing approval from the BSE within 20 calendar days from the Deemed Date of Allotment</li> <li>3. The Issuer shall ensure credit of demat account(s) of the allottee(s) with the number of NCDs allotted within 2 (Two) Business Days of the Deemed Date of Allotment</li> <li>4. The Issuer shall ensure compliance with SEBI / Companies Act 2013 (as applicable) for issuance of NCDs.</li> </ol>

**Events of Default**

Customary for financings of this nature and others appropriate in the judgment of the Debenture Holders, including but not limited to:

1. Non-payment of any of the dues under this Issuance on the payment day,
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. Creditors' processes initiated against the company
7. Repudiation of Transaction Documents
8. Cessation of business
9. 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
10. 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;
11. Promoters or key management personnel of the Company being declared wilful defaulter
12. 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 promoter/s and/or director, including any accusations, charges and/or convictions of any offence relating to bribery;
13. 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;
14. Occurrence of a Material Adverse Effect as determined by the Debenture Trustee, acting solely on the instructions of the Majority Debenture Holders.
15. Change in management control without prior written consent from the Debenture Holders
16. Any Transaction Document once executed and delivered, ceases to be in full force or becomes unlawful, invalid and unenforceable;
17. 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



	<ol style="list-style-type: none"> <li>3. Debenture Trust Deed;</li> <li>4. Information Memorandum;</li> <li>5. Private Placement Offer Letter (Form PAS 4);</li> <li>6. Board Resolution authorizing this Issuance;</li> <li>7. Applicable Shareholder Resolutions under the Companies Act 2013;</li> <li>8. Rating Agreement with the aforesaid Rating Agency(ies) with respect to this Issuance; and</li> <li>9. Tripartite Agreements with the Depository(ies) and Registrar &amp; Transfer Agent</li> <li>10. Agreed Term Sheet</li> </ol>
<b>Conditions Precedent</b>	<p>The Company shall fulfil the following Conditions Precedent the satisfaction of the Debenture Trustee and submit Conditions Precedent documentation where applicable to the Debenture Trustee, prior to the Pay in Date:</p> <ol style="list-style-type: none"> <li>1. All corporate approvals from the Board of Directors and shareholders of the Issuer, if applicable, shall have been received for the issuance of the NCDs, and the execution, delivery and performance by the Issuer of the Transaction Documents in accordance with the Companies Act, 2013, the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Companies (Share Capital and Debentures) Rules, 2014 and other rules prescribed;</li> <li>2. Execution of the Debenture Trustee Agreement and Debenture Trust Deed, in a form and manner satisfactory to the Debenture Trustee shall have taken place;</li> <li>3. The Issuer shall have submitted to the Debenture Trustee the rating letter and rating rationale;</li> <li>4. The Issuer shall have submitted to the Debenture Holders / Debenture Trustee, all required documents for the purpose of satisfying its respective KYC requirements;</li> <li>5. The Issuer shall have submitted to the Debenture Trustee a certified true copy of the constitutional documents of the Company (the Memorandum and Articles of Association and the Certificate of Incorporation)</li> <li>6. The Issuer shall have submitted to the Debenture Trustee its audited account statements for the most recent financial year or audited financial half-year</li> <li>7. Issuer to provide CRISIL rating letter of minimum CRISIL A+ for the NCDs</li> </ol>
<b>Conditions Subsequent</b>	<p>The Issuer shall ensure that the following documents are executed/activities are completed as per the time frame stipulated in the Debenture Trust Deed</p> <ol style="list-style-type: none"> <li>1. The Issuer shall immediately on receipt of funds, take on all necessary steps to, including making all applicable filings in the Registrar of Companies and obtaining all necessary approvals including filing Form PAS 5 along with the Information Memorandum and Form PAS 3 along with requisite fee within prescribed timelines;</li> <li>2. Receive final listing approval from the BSE within 20 calendar days from the Deemed Date of Allotment</li> <li>3. The Issuer shall ensure credit of demat account(s) of the allottee(s) with the number of NCDs allotted within 2 (Two) Business Days of the Deemed Date of Allotment</li> <li>4. The Issuer shall ensure compliance with SEBI / Companies Act 2013 (as applicable) for issuance of NCDs.</li> </ol>



	Breach of any covenants (including financial /management/affirmative/negative) would give the DT the option, but not the obligation to demand accelerated redemption of all outstanding amounts from the Issuer.
<b>Consequence of event of default</b>	<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>
<b>Reporting Covenants</b>	<ol style="list-style-type: none"> <li><b>Quarterly Reports</b> – within 45 (Forty Five) calendar days from the end of each financial quarter</li> <li>Information on financials</li> <li>Financial and other covenant compliance certificate signed by CA and /CFO/authorized signatory of the company.</li> <li><b>Audited Annual Reports</b> – within 120 (One Hundred and Twenty) calendar days from the end of each financial year</li> <li><b>Monthly MIS data pack</b> - giving standard portfolio cuts with corresponding asset quality indicators. To be submitted within 30 days of each month end.</li> <li>Mr SV Raja Vaidyanathan will continue to hold his position as the Managing Director of the company during the full tenure of this NCD.</li> <li><b>Event Based Reports –In case of changes initiated by the company requiring approval of the board, the reporting would be 5 days post approval of the board, all others will be 15 days.</b> <ul style="list-style-type: none"> <li>Change in list of Board of Directors</li> <li>Change in Shareholding structure</li> <li>Change in senior management officials (any CXO or equivalent)</li> <li>Board approval of annual business plan</li> <li>Any fraud amounting to more than 1% of Gross Loan Portfolio</li> <li>Changes in accounting policy</li> <li>New products introduced or change in existing product features</li> <li>New business corresponding relationships or discontinuance of existing relationships</li> <li>Geographical expansion to any new state/city/district/location</li> <li>Material changes to IT/MIS systems</li> <li>Change in credit bureaus used</li> <li>Revision in business plan</li> <li>Change in the constitutional documents of the Company</li> </ul> </li> </ol>

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	<p>Material Adverse Effect Any dispute, litigation, investigation or other proceeding which could result in a Material Adverse Effect. Winding up proceedings Any Event of Default or Potential Default, and any steps taken / proposed to remedy the same.</p>
<b>Financial Covenants</b>	<p>i) Total Debt/TNW &lt; 8 times post 30st June 2018, where TNW = Equity Share Capital + Reserves and Surplus – Intangible assets – miscellaneous expenses – DTA- Any credit enhancement provided by the company on managed asset book. Covenant to be tested post 30<sup>th</sup> June 2018. Total Debt = All loans, NCDs, cash credit, working capital facility, secured or unsecured or any other form of financing availed by the company including contingent liabilities.</p> <p>ii) CAR &gt; 16%</p> <p>iii) Quarterly PAT &gt; 0. PAT to include all exceptional/one-time items as well</p> <p>iv) EBIT/Interest &gt; 1.1</p> <p>v) PAR 30 &lt; 5%</p> <p>vi) PAR 90 &lt; 3.5%</p> <p>vii) Net NPA / TNW &lt; 8%;</p> <p>viii) Geographic Exposure (measured as loan outstanding) to not exceed: a. 35% of the Gross AUM for TN; b. 20% of the Gross AUM for Karnataka c. 15% of the Gross AUM for any state</p> <p>All covenants would need to be maintained at all times, and will be tested on quarterly basis for the Company, till the redemption of the Debentures.</p> <p>The covenants shall be certified and signed by a CA as well as the /CFO/authorized signatory of the company within 30 (Thirty) calendar days from the end of each financial quarter. The choice of CA must be amenable to Debenture Trustee.</p>
<b>Affirmative Covenants</b>	<ol style="list-style-type: none"> <li>Equity shareholding of Manappuram Finance Limited on a fully diluted basis to be above 51% at all times.</li> <li>To comply with corporate governance, fair practices code prescribed by the RBI</li> <li>Notification of any potential Event of Default or Event of Default;</li> <li>Obtain, comply with and maintain all licenses / authorizations</li> <li>Provide details of any material litigation, arbitration or administrative proceedings (materiality threshold to be finalized during documentation)</li> <li>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>Permit visits and inspection of books of records, documents and accounts to debenture holders as and when required by them</li> <li>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 Debenture Holders and Debenture Trustee, do or undertake to do any of the following:</p>

	<ol style="list-style-type: none"> <li>1. M&amp;A, acquisition, restructuring, amalgamation without approval of Debenture Holders over and above 10% of the Networth of the Issuer in a financial year</li> <li>2. 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>3. The Issuer will not purchase or redeem any of its issued shares or reduce its share capital without the Debenture Holders' prior written consent;</li> <li>4. 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, without prior consent of the Debenture Trustee</li> <li>5. 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 debenture holder</li> <li>6. No dividend, if an Event of Default has occurred and is subsisting</li> <li>7. Not undertake any new major new business outside financial services or any diversification of its business outside financial services, without approval of the Debenture 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>senior, 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> <li>7. Company has the power and authority to issue Debentures and such Transactions Documents are valid and admissible in evidence</li> <li>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</li> <li>9. Illegality</li> </ol> <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.
<b>Transaction Costs</b>	<p>The Issuer shall bear all transaction related costs incurred by the Debenture Holders with respect to legal counsel, valuers and auditors / consultants. Such costs include:</p> <ol style="list-style-type: none"> <li>1. Trustee fees</li> <li>2. Rating fees</li> <li>3. Listing fees</li> </ol>





	4. Legal fees 5. Any other reasonable transaction related expense incurred by the Debenture Holders 6. Stamping and registration in relation to all Transaction Documents.
<b>Taxes, Duties, Costs and Expenses</b>	1. Relevant taxes, duties and levies are to be borne by the Issuer. 2. The charges / fees and any amounts payable under this Debentures by the Issuer as mentioned herein do not include any applicable taxes, levies including service tax etc. and all such impositions shall be borne by the Issuer additionally.

Accepted and agreed

For Asirvad Microfinance Limited

For Aditya Birla Sun Life Mutual Fund



(Authorised signatory)

(Authorised signatory)