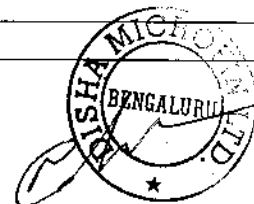
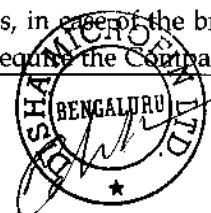


TERMSHEET

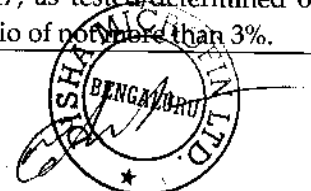
Issuer	Disha Microfin Limited (the Company /Issuer/DML)																							
Type of Instrument	Non-Convertible Debentures																							
Nature of Instrument	Subordinated, Rated, Redeemable Non-Convertible Debentures. (Debentures/NCDs)																							
Seniority	Subordinated																							
Mode of Issue	Private placement																							
Listing	Proposed Listed on the Wholesale Debt Market (WDM) Segment of the BSE or Unlisted, at the option of the Investor																							
Rating of Instrument	"IND A-" by India Ratings & Research Private Limited																							
Rating Action	In case of downgrade in external credit rating of the NCDs from any rating agency by two notches (i.e.'BBB') from the current credit rating, the Coupon Rate for the balance period would increase by 0.25% p.a. for each notch downgrade at or below 'BBB' calculated on per year actual/actual day basis rounded off to the nearest rupee. The same will be applicable with immediate effect from the rating downgrade date of any series of debentures and shall be the effective Interest Rate for the Interest Payment Dates.																							
Amount	Rs. 25.00 crores																							
Coupon Rate	12.60 % p.a.																							
Coupon Payment Frequency	Every Quarter and on Redemption																							
Coupon Payment Dates	<table border="1"> <tr> <td>Tuesday, August 29, 2017</td> <td>Friday, May 29, 2020</td> </tr> <tr> <td>Wednesday, November 29, 2017</td> <td>Saturday, August 29, 2020</td> </tr> <tr> <td>Wednesday, February 28, 2018</td> <td>Sunday, November 29, 2020</td> </tr> <tr> <td>Tuesday, May 29, 2018</td> <td>Sunday, February 28, 2021</td> </tr> <tr> <td>Wednesday, August 29, 2018</td> <td>Saturday, May 29, 2021</td> </tr> <tr> <td>Thursday, November 29, 2018</td> <td>Sunday, August 29, 2021</td> </tr> <tr> <td>Thursday, February 28, 2019</td> <td>Monday, November 29, 2021</td> </tr> <tr> <td>Wednesday, May 29, 2019</td> <td>Monday, February 28, 2022</td> </tr> <tr> <td>Thursday, August 29, 2019</td> <td>Sunday, May 29, 2022</td> </tr> <tr> <td>Friday, November 29, 2019</td> <td>Monday, August 29, 2022</td> </tr> <tr> <td>Saturday, February 29, 2020</td> <td>Tuesday, November 29, 2022</td> </tr> </table> <p>* As per SEBI circular no. CIR/IMD/DF-1/122/2016 dated November 11, 2016, If any Coupon Payment Date or the due date for the performance of any event falls on a day that is not a Business Day, the payment shall be made on the immediately succeeding Business Day.</p>		Tuesday, August 29, 2017	Friday, May 29, 2020	Wednesday, November 29, 2017	Saturday, August 29, 2020	Wednesday, February 28, 2018	Sunday, November 29, 2020	Tuesday, May 29, 2018	Sunday, February 28, 2021	Wednesday, August 29, 2018	Saturday, May 29, 2021	Thursday, November 29, 2018	Sunday, August 29, 2021	Thursday, February 28, 2019	Monday, November 29, 2021	Wednesday, May 29, 2019	Monday, February 28, 2022	Thursday, August 29, 2019	Sunday, May 29, 2022	Friday, November 29, 2019	Monday, August 29, 2022	Saturday, February 29, 2020	Tuesday, November 29, 2022
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Thursday, August 29, 2019	Sunday, May 29, 2022																							
Friday, November 29, 2019	Monday, August 29, 2022																							
Saturday, February 29, 2020	Tuesday, November 29, 2022																							
Tenor	66 Months																							
Principal Redemption	At par on Maturity																							
Redemption Date(s)	November 29, 2022																							
Option to retain oversubscription	N.A.																							
Objects of the Issue	The Company desires to raise Tier II capital to maintain the Company's Capital Adequacy Ratio at a level not below the minimum required to be maintained as per RBI guidelines. Accordingly this issue will enhance capital adequacy of the Company from the present level requirements and finance the asset growth of the Company.																							
Step Up/ Step Down Coupon Rate	As specified in this term sheet																							
Coupon Type	Fixed																							
Day Count Basis	Actual / Actual																							



Interest on Application Money	<p>Interest at the rate of Coupon rate. (subject to deduction of Income Tax under the Provisions of the Income Tax Act 1961, or any Statutory modification or re-enactment as applicable) will be paid to all the applicants on the Application Money for the Bonds. Such interest shall be paid from the date of realization of cheque (s)/Demand Draft (s) and in case of RTGS/other means of electronic transfer interest shall be paid from the date of receipt of funds to one day prior to the Deemed Date of Allotment.</p> <p>The interest on Application Money will be computed as per Actual/Actual Day count convention. Such interest would be paid on all the valid applications including the refunds. Where the entire subscription amount has been refunded, the interest on Application Money will be paid along with the refund orders. Where an applicant is allotted lesser number of bonds than applied for, the excess amount paid on application will be refunded to the applicant along with the interest on refunded money. Income Tax at Source (TDS) will be deducted at the applicable rate on interest on Application Money.</p>
Default Interest Rate/Additional Coupon Rate / Penal Charges	<p>Without prejudice to any other rights and remedies available to the Debenture Trustee pursuant to the terms of Transaction Documents:</p> <ol style="list-style-type: none"> a) If, at any time, a Payment Default occurs, the Company agrees to pay additional Coupon at the rate of 2% (Two Percent) per annum over and above the applicable Coupon Rate on all amounts outstanding under the relevant series of Debentures (including the Outstanding Principal Amounts and any accrued but unpaid interest) from the date of occurrence of such a Payment Default until such Payment Default is cured or the Debentures are fully redeemed. b) If, at any time, a breach of any Covenant(s) occurs, the Company agrees to pay additional Coupon at the rate of 2% (Two Percent) per annum over and above the applicable Coupon Rate on all amounts outstanding under the relevant series of Debentures (including the Outstanding Principal Amounts and any accrued but unpaid Coupon) from the date of occurrence of such a breach, until the Debentures are fully redeemed or till the covenants criteria has been replenished. c) In the event there is any delay in listing of the Debentures beyond 20 (twenty) calendar days from the Deemed Date of Allotment, the Company will pay additional interest of 1% (One percent) annum over the Coupon Rate, from the expiry of 30 (thirty) calendar days from the Deemed Date of Allotment till the listing of the Debentures is completed. d) Any prepayment of the NCDs, other than for breach of any covenant/undertaking, shall be permitted only with the prior approval of majority debenture holders and subject to prior RBI approval and other applicable regulations
Minimum Credit Rating	<p>Issuer to maintain the below mentioned criteria/s during the tenor of the NCDs:</p> <ol style="list-style-type: none"> 1. Credit Rating of the Issuer from any credit rating agency to remain at minimum of "BBB" 2. No Withdrawal / Suspension of long term rating of the instrument. <p>Subject to prior RBI approval and other applicable regulations, in case of the breach of the above mentioned criteria, the Debenture Holders may require the Company to</p>



	<p>redeem the Debentures along with accrued interest and other charges ("Optional Accelerated Redemption") within 30 days from the date of such an occurrence.</p> <p>The occurrence of events above will be determined by the Debenture Holders solely and at its discretion.</p>
Redemption Amount(s)	Rs. 1,00,000 per Debenture plus accrued interest, if any
Redemption Premium/Discount	Not Applicable
Issue Price	Rs.1,00,000/- (Rs. One Lakh Only) per Debenture
Discount at which security is issued and the effective yield as a result of such discount	Not Applicable
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.100,000/- (Rupees One Lakh Only) per Debenture
Minimum Application size and in multiples of Debt Security thereafter	The minimum application size for the Issue shall be 100 Debentures and in multiples of 1 thereafter.
Issuance mode of the Instrument	Demat only
Trading mode of the Instrument	Demat only
Settlement mode of the Instrument	RTGS
Depositories	NSDL/CDSL
Business Day	Any being a day excluding Saturdays, Sundays or public holiday in Bangalore.
Business Day Convention	<p>If any Coupon Payment Date or the due date for the performance of any event falls on a day that is not a Business Day, the payment shall be made on the immediately succeeding Business Day. The interest for such additional period shall be adjusted and paid in the next coupon cycle. Hence the subsequent coupon payment period remains intact.</p> <p>If the Redemption Date/Maturity Date (also being the last Coupon Payment Date) of the Debentures falls on a day that is not a Business Day, the redemption proceeds shall be paid on the immediately preceding Business Day, along with coupon/interest accrued on the Debentures until but excluding the date of such payment.</p>
Financial Covenants	<p>The Company shall maintain until the Final Settlement Date:</p> <ol style="list-style-type: none"> as tested/determined on each Half Yearly Date, a Capital Adequacy Ratio at the minimum stipulated level as prescribed by the RBI from time to time Post the first testing date of 30th September 2017, as tested/determined on each subsequent Monthly Date, a Gross NPA Ratio of not more than 3%.



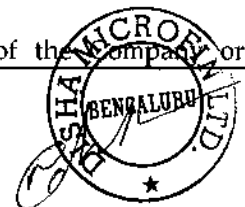
	The financial covenants shall be certified by the authorized officer of the Company in the format as may be prescribed by the Debenture Trustee within 30 (thirty) days from end of each testing date respectively
Debenture holder's consent	During the currency of the Debentures, the Issuer to seek prior written consent of the debenture holders/debenture trustee, of any change on the following: Dilution of stake of promoter group (i.e Fincare Business Services Private Limited (Fincare), post proposed merger/reorganisation, below 51 % in DML
Record Date	The Record Date/ Book Closure Date for the Debentures shall be 15 calendar days prior to each Due Date, if any for the purposes of actual payment or as may be prescribed by the Securities and Exchange Board of India ("SEBI") during the tenure of the Debentures.
Transaction Documents	(a) Debenture Trustee Agreement, which confirms the appointment of (_____) as the Debenture Trustee (" Debenture Trustee Agreement "); (b) Debenture Trust Deed, which (i) sets out the terms upon which the Debentures are being issued and includes the representations and warranties and the covenants to be provided by the Issuer to be executed before the Pay-In Date (" Debenture Trust Deed "); (c) Shelf Disclosure Document and Issue Addendums for each tranche; (d) Undertaking from the Issuer mentioning all the facilities of the Company are standard in nature. Such other documents as agreed between the Issuer and the Debenture Trustee
Conditions Precedent to Disbursement	The Company shall fulfil the following conditions precedent, to the satisfaction of the Debenture Trustee, prior to the relevant Deemed Date of Allotment: <ul style="list-style-type: none"> • 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 certified as correct, complete and in full force and effect by an appropriate officer of the Company; • submit to the Debenture Trustee, copies of the resolution of the shareholders of the Company under 180(1)(c) of the Act, certified as correct, complete and in full force and effect by an appropriate officer of the Company; • submit to the Debenture Trustee, copies of the resolution of the shareholders of the Company under Section 42 of the Act, certified as correct, complete and in full force and effect by an appropriate officer of the Company; • submit to the Debenture Trustee, a copy of the Company's Constitutional Documents certified as correct, complete and in full force and effect by the appropriate officer; • submit to the Debenture Trustee, an incumbency certificate of the Company indicating the officers or other Persons of the Company authorized to sign the Transaction Documents and any document to be delivered under or in connection therewith, on behalf of the Company, which certificate includes names, titles and specimen signatures of such officers; • provide evidence satisfactory to the Debenture Trustee (including, without limitation, copies of all consents) that the Company has received all approvals, authorizations and licenses (governmental or otherwise) to operate its lending program and to execute, deliver and perform its obligations under the Transaction Documents;



	<ul style="list-style-type: none"> • provide such other information, documents, certificates, opinions and instruments as the Debenture Holder may reasonably request; • execution, delivery and stamping of the Transaction Documents in a form and manner satisfactory to the Debenture Trustee; • receipt and submission of the rating letter issued by the Rating Agency in relation to the Debentures; • receipt of consent from the Debenture Trustee to act as the debenture trustee for the issue of the Debentures; • submission of all 'know your customer' requirements to the satisfaction of the Debenture Trustee; • submit to the Debenture Trustee, the audited financial statements of the Company for the financial years ended 2014, 2015 and 2016; • submission of a certificate from the director or company secretary of the Company addressed to the Debenture Trustee certifying that: <ul style="list-style-type: none"> ○ the Company and its directors have the necessary power under the Constitutional Documents of the Company to borrow monies by way of the issuance of the Debentures; ○ the issuance of the Debentures will not cause any limit binding on the Company to be exceeded (whether regulatory or internal); ○ no Material Adverse Effect has occurred in the Company and/or in the business of the Company; and ○ the Company has obtained all necessary consents and approvals from its creditors, in case if required, for the issuance of the Debentures. • submission of a certificate from the authorized signatories of the Company addressed to the Debenture Trustee confirming: <ul style="list-style-type: none"> ○ the incumbency and validity of signatures of the authorized signatories; ○ the representations and warranties in Transaction Documents are true and correct in all material respects as on the Deemed Date of Allotment; ○ no Incipient Default or Event of Default has occurred or is subsisting as at the Deemed Date of Allotment; ○ the non-occurrence of any Material Adverse Effect or force majeure event which shall restrict or prohibit the Company from fulfilling its obligations under the Transaction Documents; ○ the Company is in compliance with the provisions of the Transaction Documents; and the Company has submitted to the Debenture Trustee, the audited financial statements of the Company for the financial years ended 2014, 2015 and 2016.
<p>Conditions Subsequent to Disbursement</p>	<p>The Company shall fulfil the following conditions precedent, to the satisfaction of the Debenture Trustee, pursuant to the Deemed Date of Allotment:</p> <ul style="list-style-type: none"> • the Company shall ensure that the Debentures are credited into the demat accounts of the Debenture Holders within 2 (two) Business Days from the Deemed Date of Allotment; • the Company will ensure listing of Debentures on the BSE; • 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 and SEBI with the prescribed fee within 30 (thirty) 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 ROC within 30 (thirty) days of the allotment of Debentures along with a list of the Debenture Holders and with the prescribed fee; and



	<ul style="list-style-type: none"> • 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 relevant series of Debentures along with a copy of the Private Placement Offer Letter with ROC and SEBI within 30 (thirty) days from the date of the Private Placement Offer Letter • Execution of Debenture Trust deed within 30 days from the Deemed Date of Allotment. • Execution of any other documents as customary for transaction of a similar nature and size.
Events of Default	<p>Each of the following shall constitute an event of default ("Event of Default"):</p> <p>(a) Payment Defaults The Company does not pay on the Due Date any amount payable pursuant to the Transaction Documents (including additional interest and all amounts payable pursuant to step up) and the Debentures at the place at and in the currency in which it is expressed to be payable, unless its failure to pay is caused due to an administrative or technical error that is beyond the Company's control and payment is made within 1 (One) Business Day of its Due Date.</p> <p>(b) Insolvency / Inability to Pay Debts The Company is unable or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its Indebtedness.</p> <p>(c) Cross Default The Company defaults in payment of principal or interest of any Indebtedness beyond the period of grace (not to exceed 30 (thirty) days), if any, provided in the instrument or agreement under which such Indebtedness was created.</p> <p>(d) Any Material Misrepresentation :- Any material misrepresentation or warranty made by the Company in any Transaction Document or in any certificate, financial statement or other document delivered to the Debenture Trustee/Debenture Holders by the Company shall prove to have been incorrect, false or misleading in any material respect when made or deemed made. Material Adverse Change There shall have occurred a change in the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of the Company since the date hereof that has resulted in a Material Adverse Effect. Any litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency which, having been adversely determined, have resulted in a Material Adverse Effect.</p> <p>(e) Liquidation or Dissolution of the Company / Appointment of Receiver or Liquidator Any corporate action, legal proceedings or other procedure or step is taken in relation to:</p> <ol style="list-style-type: none"> (i) the suspension of payments, a moratorium of any Indebtedness, winding-up, dissolution, administration or reorganization (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Company; (ii) a composition, compromise, assignment or arrangement with any creditor of the Company; (iii) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of the Company; or (iv) enforcement of any security over any assets of the Company or any



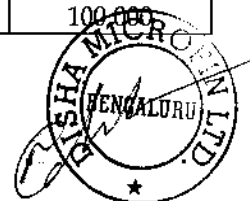
	<p>analogous procedure or step is taken in any jurisdiction; or</p> <p>(v) any other event occurs or proceeding is instituted that under any applicable law would have an effect analogous to any of the events listed in sub-Clauses (i), (ii), (iii) and (iv) above.</p> <p>(f) Erosion of complete Net Worth In the assessment of the Debenture Holders' from quarterly or annual financial reporting from the Company, or at any time certified by an accountant of a firm of chartered accountants appointed by the Debenture Trustee (which the Debenture Trustee is entitled and hereby authorised to do so at any time), that the Net Worth of the Company has completely eroded.</p> <p>(g) Creditors' Process Any expropriation, attachment, sequestration, distress or execution affects any Asset or Assets of the Company having an aggregate value of 10% of the Total Assets of the Company and is not discharged within 30 (thirty) calendar days or as given in the said order.</p> <p>(h) Transaction Documents Any Transaction Document in whole or in part, are terminated or cease to be effective or cease to be a legally valid, binding and enforceable obligation of the Company.</p> <p>(i) Unlawfulness It is or becomes unlawful for the Company to perform any of its obligations under the Transaction Documents and/or any obligation or obligations of the Company under any Transaction Document cease to be valid, binding or enforceable, leading to reduction of the financial obligations under this transaction document.</p> <p>(j) Repudiation The Company repudiates any of the Transaction Documents, or evidences an intention to repudiate any of the Transaction Documents.</p> <p>(k) Business The Company without obtaining the prior consent of the Special Majority Debenture Holders ceases to carry on its business or gives notice of its intention to do so.</p> <p>(l) Misuse of Issue proceeds The proceeds of the Issue are not used for the Purpose in accordance with the terms of the Transaction Documents.</p> <p>(m) Listing The Company failing to get the Debentures listed within the Listing Period.</p> <p>(n) Breach of Terms of Transaction Documents A breach by the Company of any of its representations, obligations, undertakings and covenants including financial, negative and reporting covenants provided in the Transaction Documents (other than (a) to (n) above).</p>
Role and Responsibilities of Debenture Trustee	<p>The Company will enter into a Trustee Agreement/Trust Deed, inter-alia, specifying the powers, authorities and obligations of the Company and the Trustees in respect of the Debentures.</p> <p>The Trustees are not borrower or Principal Debtor or Guarantors.</p>
Issuer Undertaking	<p>The Issuer undertakes that the captioned Subordinated debt would be part of the liability of the proposed Small Finance Bank of the Issuer, post incorporation/conversion of the Issuer into Small Finance Bank.</p>
Governing Law	<p>The Debentures and documentation will be governed by and construed in accordance with the laws of India.</p>



	The courts and tribunals at Mumbai, India shall have exclusive jurisdiction to settle all disputes which may arise out of or in connection with the Debentures.
Issue Timing: Pay in & allotment date	On or before 29th May 2017

CASHFLOW:

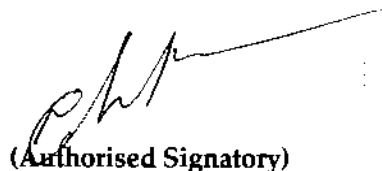
Tenor	66 Months					
Amount	100,000					
Coupon Rate payable on quarterly rest	12.60%					
Mont hs	Date	Actual Payment Date	Net Cash Flow	Principal	Interest	Principal Cle
0	Monday, May 29, 2017	Monday, May 29, 2017	100,000			100,000
3	Tuesday, August 29, 2017	Tuesday, August 29, 2017	3176		3176	100,000
6	Wednesday, November 29, 2017	Wednesday, November 29, 2017	3176		3176	100,000
9	Wednesday, February 28, 2018	Wednesday, February 28, 2018	3141		3141	100,000
12	Tuesday, May 29, 2018	Tuesday, May 29, 2018	3107		3107	100,000
15	Wednesday, August 29, 2018	Wednesday, August 29, 2018	3176		3176	100,000
18	Thursday, November 29, 2018	Thursday, November 29, 2018	3176		3176	100,000
21	Thursday, February 28, 2019	Thursday, February 28, 2019	3141		3141	100,000
24	Wednesday, May 29, 2019	Wednesday, May 29, 2019	3107		3107	100,000



27	Thursday, August 29, 2019	Thursday, August 29, 2019	3176		3176	100,000
30	Friday, November 29, 2019	Friday, November 29, 2019	3176		3176	100,000
33	Saturday, February 29, 2020	Monday, March 02, 2020	3176		3176	100,000
36	Friday, May 29, 2020	Friday, May 29, 2020	3098		3098	100,000
39	Saturday, August 29, 2020	Monday, August 31, 2020	3167		3167	100,000
42	Sunday, November 29, 2020	Monday, November 30, 2020	3167		3167	100,000
45	Sunday, February 28, 2021	Monday, March 01, 2021	3133		3133	100,000
48	Saturday, May 29, 2021	Monday, May 31, 2021	3107		3107	100,000
51	Sunday, August 29, 2021	Monday, August 30, 2021	3176		3176	100,000
54	Monday, November 29, 2021	Monday, November 29, 2021	3176		3176	100,000
57	Monday, February 28, 2022	Monday, February 28, 2022	3141		3141	100,000
60	Sunday, May 29, 2022	Monday, May 30, 2022	3107		3107	100,000
63	Monday, August 29, 2022	Monday, August 29, 2022	3176		3176	100,000
66	Tuesday, November 29, 2022	Tuesday, November 29, 2022	103176	100000	3176	-

*F.Y. 2020 is a leap year and the coupon payment date is falling on a Saturday/ Sunday, therefore the coupon is paid on next Business Day Business Day. The interest for such additional period shall be adjusted and paid in the next coupon cycle. Hence the subsequent coupon payment period remains intact. The Issuer shall consider a Financial Year format for the purpose of a Leap Year

Accepted by,
Disha Microfin Limited


(Authorised Signatory)



