

INDICATIVE TERM SHEET

This document ("Term Sheet") is the summary representation of the draft terms of a proposed Non- Convertible Debentures issued by the "Issuer" (defined below) and subscribed by the "Investors" (defined below).

This Indicative Term Sheet is for discussion purposes only and is non-binding except for sections under headings "Costs and Expenses" and "Exclusivity" and the terms stated herein are indicative and not exhaustive and may be amended in the final Transaction Documents. There is no binding obligation on the part of any negotiating party until the Transaction Documents (defined below) have been signed by all parties. The transactions contemplated by this Term Sheet are subject to the satisfactory completion of due diligence, conditions precedent and approval by the Investors/Arranger and the Issuer and execution of the Transaction Documents.

Particulars	Terms
Issuer	Centrum Microcredit Limited. ("CML/ Issuer")
Shareholding Pattern	100% subsidiary of Centrum Capital Ltd. (CCL)
Investors	<p>Following types of persons to whom an offer is specifically made under this Private Placement Offer Letter ("Offer Letter") will be eligible to apply for the Debentures of the Company under the Offer letter:</p> <ol style="list-style-type: none"> 1. Companies and Bodies Corporate (incorporated in India) / Companies / Financial institutions / NBFCs / Statutory Corporations including Public Sector Undertakings 2. Commercial Banks 3. Resident Individuals (including Partnership Firms, and HUF) 4. Regional Rural Banks 5. Insurance Companies 6. Mutual Funds/ Alternative Investment Fund (AIF) 7. Individuals 8. Any other investors authorized/ permitted to invest in these Debentures <p>All Investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this Issue and the Company is not in any way, directly or indirectly responsible for any statutory or regulatory breaches by any investor, neither is the Company required to check or confirm the same.</p>
Arranger	Centrum Wealth Limited
Arranger's Fee	2.60% plus applicable Taxes on the overall subscription amount
Transaction Legal Counsel	Wadia Ghandy and Company
Debenture Trustee	Catalyst Trusteeship Limited
Issue Opening Date	As set out in the respective PAS-4 for each series.
Issue Closing Date/ Deemed Date of Allotment	As set out in the respective PAS-4 for each series.
Day Count Convention	The day count convention for the purpose of coupon payment on NCDs will be Actual/Actual
Issue/Facility	Issue of 5,000 (Five Thousand) Unrated, Unlisted, Secured, Redeemable Non- Convertible Debentures (NCDs) aggregating up to INR. 50,00,00,000/- (Fifty Crores) ("Subscription Amount") to be issued in one or more series, to be decided mutually between the investor and the Issuer (Issue amount will be based on security cover mentioned under the security clause below). The Issue Opening Date, Issue Closing Date and the Deemed date of Allotment shall be as set out in the respective PAS-4 for each series.
Face Value	INR 1,00,000/- (Rupees One Lakhs only) per Debenture
Mode of Placement	Private placement
Issuance and Trading mode of the instrument	Dematerialized only
Depositories	NSDL and CSDL
Purpose	For the purpose of onward lending, financing/refinancing of existing debt & for General Corporate Purposes
Final Maturity Date	24 months from Deemed Date of Allotment (for the respective series).

CENTRUM MICROCREDIT LIMITED (CIN : U67100MH2016PLC285378)

Registered office : Level 9, Centrum House, C.S.T. Road, Vidyanagari Marg, Kalina, Santacruz (E), Mumbai - 400 098, INDIA

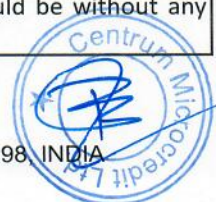
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Outstanding Amount	To be calculated as the sum of the following: 1. Subscription Amount 2. Coupon Payable 3. Default Coupon/Interest if any
Tenor, Moratorium and redemption	1. Coupon to be serviced on quarterly basis at the end of each quarter from the date of allotment for each series. 2. Subscription Amount to be repaid in 3 (three) equal instalments starting from the 6 th quarter from date of allotment for each series. 3. The NCDs shall be issued for a tenor of 2 years (08 quarters) from the deemed date of allotment for each series.
Commercials	1. Coupon to be charged at 12.30% p.a. on outstanding subscription amount and payable on quarterly basis. 2. Pre- Allotment Coupon – A pre-allotment coupon of 12.30% p.a. shall accrue and be payable on the NCD Subscription Amount, from the date of credit of the Subscription Amount to the date of allotment of the NCDs. Such Pre-Allotment Coupon shall be paid along with the Coupon, payable for the first quarter, post allotment of the NCDs. 3. On the Deemed Date of Allotment as identified in the relevant PAS-4, the Issuer shall allot debentures to the investors.
Default Coupon/Interest	In an Event of Default including in paying the Coupon and/or Amounts Due on the respective due dates, additional interest at 1% (One percent) per month or such other rate as mandated under law, over and above the Coupon, shall be payable by the Company, on the outstanding amounts in respect of the Debentures. The Default Coupon shall be payable on from the date of default until the date such default is rectified.
Security	1. Primary Security- First and exclusive charge of microfinance loan portfolio (book debts) and present and future receivables therein, by way of hypothecation, to the extent of 110% of the value of the outstanding subscription and coupon amount. (only standard asset will be considered for arriving at the value of the underlying pool of assets); 2. First and exclusive charge over the collection and repayment account along with all monies lying to the credit thereof in favour of the Debenture Trustee; The aforementioned security shall be created within 90 days from the Issue Opening Date of the first series of Debentures
Put Option	The debenture holders (acting through the debenture trustee) shall have the irrevocable option to require Centrum Capital Limited to purchase the debentures on their face value and the coupon due thereon in the event the Issuer is unable to meet its redemption obligation in respect of the said Issue.
Hypothecated Assets	Shall mean the loan receivables of the Issuer and the collection and repayment account to be opened by the borrower with a designated bank and operated solely by the debenture trustee for the purposes of interest and principal repayments on the debentures along with the proceeds deposited thereunder and as further set out in detail in the Deed of Hypothecation and as may be updated from time to time.
Security Cover	The Issuer shall ensure that the value of the Security created pursuant to the Deed of Hypothecation shall at all times be equal to at least 1.1 times of the outstanding subscription and coupon amounts in respect of the Debentures.
Collection and Repayment Account	The issuer shall open a collection and repayment account with a designated bank. The Debenture Trustee shall operate the said account. The Issuer may, if required pursuant to any regulatory/ statutory changes under Applicable Law, transfer the said account to any other bank, without the consent of Debenture Trustee/ Debenture Holder. Upon such a change being made, the Company shall intimate the Debenture Holders within 20 (Twenty) Business Days of such change. The Issuer shall transfer amounts proportional to the interest amount payable on the relevant interest payment date to the Debenture Holder(s), into the collection account, 2 Business Days prior to the concerned interest payment date and the Debenture Trustee shall transfer such amounts towards the interest payments to the debenture holders(s) on the interest payment dates. The Issuer shall transfer amounts proportional to the redemption amounts payable on the relevant repayment dates to the debenture holder(s), into the collection account, 2 Business




	Days prior to the concerned repayment date and the Debenture Trustee shall transfer such amounts towards the redemption of the debentures to the debenture holders(s) on the repayment dates.
Key Conditions Precedent to Disbursement	<p>The Issuer will provide documents in form and substance satisfactory to the Debenture Trustee, including but not limited to:</p> <ol style="list-style-type: none"> 1. Certified copy of the Memorandum and Articles of Association of the Issuer; 2. Certified true copy of resolution of the Board of Directors/ Finance Committee of the Board of the Issuer authorizing the issue of secured debentures by the Issuer up to an aggregate subscription amount of up to Rs. 50 crores and to create security over the assets of the Issuer in relation thereto. 3. Certified true copy of corporate authorisations from Centrum Capital Limited. 4. Certified true copy of the resolution of the Board of Directors/ Finance Committee of the Board of the Issuer authorizing certain officials of the Issuer named therein to appoint intermediaries, execute all documents and do all such acts, deeds, matters and things in relation to the Issue. 5. Execution of the Demand Promissory Note, DTA and PAS-4. 6. Corporate actions necessary for the borrowing having been taken by the Company 7. Certificate from a reputed chartered accountant confirming the current status of pending assessments, notices or claims which entitle the Income Tax department or any other Government Authority or statutory Authority to exercise any lien or charge on the company and shareholders of the company. 8. Such other Conditions Precedent as may be required by the Trustee in the Transaction Documents.
Key Conditions Subsequent to Disbursement	<ol style="list-style-type: none"> 1. Collection and repayment account to be opened by the issuer with a designated bank. 2. CCL to execute the put option agreement with the Debenture Trustee on or prior to the Deemed Date of Allotment for the first series of Debentures. 3. DTD shall be executed within 60 days from the Issue Opening Date of the first series of Debentures. 4. The aforementioned security shall be created within 90 days from the Issue Opening Date of the first series of Debentures 5. Submission of PDCs towards redemption and coupon payment. 6. Quarterly security perfection to be ensured by the issuer. 7. Debentures to be credited to the dematerialised account of the holders of the debenture within (7) Seven days from the respective deemed dates of allotment. 8. Such other conditions subsequent as may be indicated in the Transaction Documents.
Negative Covenants	The issuer shall take prior written consent of debenture trustee under this issue, in case of any further indebtedness leads to increase in Debt/Equity ratio beyond a ratio of 6. Save and except if such further indebtedness is availed for redeeming the NCDs under this Issue. Such other negative covenants as may be indicated in the Transaction Documents.
Post Disbursement Covenants	<ol style="list-style-type: none"> 1. Issuer to ensure that post disbursement its CAR is above the prescribed RBI level of 15% 2. The Issuer shall ensure that the hypothecated assets is less than 30 days overdue. Issuer however, should endeavour to provide only regular (no OD) accounts to the Debenture Trustee.
Insurance	Issuer shall ensure that all the microfinance borrower in the underlying pool of assets have been insured. In case of death of a borrower or co-borrower/ dependants/spouse, issuer will have to replace the asset with another asset of same value.
Pre-payment penalties	<p>At the request of any Debenture Holder and subject to Applicable Law and RBI regulations and without seeking any approvals from Trustees or Debenture holders, the Company may at its discretion and without being obliged to do so, arrange for the Pre-payment ("Pre-payment") of such number of Debentures as the Debenture Holder shall request</p> <p>Prepayment from of debentures within 12 months from the date of allotment will attract a penalty @ of 1% (One Percent) p.a. on the amount pre-paid.</p>
Other Covenants	<ol style="list-style-type: none"> 1. Issuer will not lend to any customer who has an existing overdue with itself or any other institutional lender. The credit bureau report of potential issuer should be without any negative remark on loan payment.



	<p>2. Issuer will abide by the latest on number of lender cap prescribed by RBI and SRO, in case of microfinance loans.</p> <p>3. Issuer will maintain indebtedness cap on microfinance issuer as per latest RBI guidelines. SRO Guidelines, if applicable should also be conformed with.</p> <p>4. The issuer shall adhere to all applicable guidelines as per the Reserve Bank of India throughout the tenure of this facility.</p> <p>5. Management certificate of the issuer shall be submitted on a monthly basis certifying the amount of book debts hypothecated to the Debenture Trustee and quality of book debts.</p> <p>6. CA certificate shall be submitted on quarterly basis certifying the amount of book debts hypothecated to the Debenture Trustee and sufficiency of book debts.</p> <p>7. In the event of any part or full portion of loan portfolio charged to the Debenture holders becomes overdue above the acceptable level, it shall be replaced with fresh loan portfolio such that the security cover is maintained 1.1 times the subscription amount, within 30 days.</p> <p>8. Such other covenants as may be prescribed in the Transaction Documents.</p>
Transaction Documents	Debenture Trustee Agreement, PAS-4, Deed of Hypothecation, Debenture Trust Deed, Put Option Agreement and such other documents as may be deemed necessary by the Debenture Trustee.
Cost and Expenses	All fees and costs associated with the Transaction, arranging the subscription, engagement of lawyers, trustees, registrar, valuation, Technical due diligence agency etc. to be borne by the Company on actuals.
Exclusivity	From the date of this Term Sheet up to 90 (Ninety) days, the Company will not approach or participate in any manner in any discussions or negotiations, either directly or indirectly, with any other person(s) relating to this Transaction (whether by way of loan, bond, securities or otherwise).

Your signature on the acknowledgement of this signifies your acceptance for the terms and the proposal as set out in this Term Sheet.

For and on behalf of Centrum Microcredit Limited	For and on behalf of Centrum Wealth Limited (As Arrangers)
 <p>Name: Mr. Prashant Thakker Designation: ED & CEO Date: 26-3-2021 Place: Mumbai</p>	<p>Name: Ms. Arpita Vinay Designation: Executive Director Date: 26-3-2021 Place: Mumbai</p>