

**SECTION 4: KEY TERMS OF THE ISSUE****SUMMARY TERMS**

<b>Series No.</b>	2
<b>Security Name</b>	11.10% ESAF Small Finance Bank Limited 2034
<b>Issuer / Bank</b>	ESAF Small Finance Bank Limited
<b>Type of Instrument</b>	Listed, rated, taxable, unsecured, transferable, redeemable, fully paid up, Basel II compliant lower Tier II subordinated bonds in the form of non-convertible debentures on a private placement basis.
<b>Nature of Instrument</b>	The Debentures shall neither be secured nor covered by a guarantee of the Bank or related entity or secured by way of any other arrangements that legally or economically enhances the seniority of the claim vis-à-vis other creditors of the Bank.
<b>Seniority (Senior or Subordinated)</b>	Subordinated  The Debentures shall be: a) Senior to the claims of investors in instruments eligible for inclusion in Tier I and upper Tier II capital of the Bank; b) Subordinated to the claims of the other creditors and depositors of the Bank but shall rank <i>pari passu</i> with the other Lower Tier II capital instruments of the Bank (whether present or future); and c) eligible for classification as Lower Tier II Capital of the Bank in accordance with the Basel II Framework.
<b>Mode of Issue</b>	Private placement
<b>Eligible Investors</b>	Please refer Section 4.44 of the General Information Document.
<b>Listing (Name of stock exchange(s) where it will be listed and timeline for listing)</b>	The Debentures are proposed to be listed on the wholesale debt market of BSE Limited / Bombay Stock Exchange.  In accordance with the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended from time to time, and subject to RBI regulations, in case of a delay by the Bank in listing the Debentures beyond such timelines as prescribed under Applicable Law, the Bank shall, subject to Applicable Law, make payment to the Debenture Holders of 1% (One Percent) per annum over the Coupon Rate from the Deemed Date of Allotment till the listing of such Debentures.
<b>Rating of the Instrument</b>	CARE A; Stable
<b>Issue Size of Debentures</b>	This Issue of Debentures is for up to Rs. 750,000,000/- (Rupees Seventy-Five Crores Only) which includes a green shoe option of up to Rs. 25,00,00,000/- (Rupees Twenty Five Crores Only)
<b>Green Shoe Option (if any)/ option to retain oversubscription</b>	Up to Rs. 25,00,00,000/- (Rupees Twenty Five Crores Only)
<b>Minimum Subscription</b>	Rs.1,00,000/- (Rupees One Lakh only) and in multiples of Rs.1,00,000/- (Rupees One Lakh only) thereafter
<b>Objects of the Issue / Purpose for which there is requirement of funds</b>	The Issue Proceeds equivalent to 100% (One Hundred percent) of the funds raised by the Issue will be to augment the Tier II Capital of the Bank for strengthening the Bank's capital adequacy and enhancing the Bank's long-term resources and for the regular business activities of the Bank.  The Bank further undertakes that it shall not carry out any other activities as may be prohibited by RBI and / or such other regulators as may be applicable from time to time.

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Details of Anchor (if any)	NA
Interest Rate Parameter (Zero Coupon, Fixed Coupon or Floating Coupon)	Fixed Coupon
Bid Opening Date and Bid Closing Date	February 28, 2024
Minimum Bid Lot	1 (One) Debenture and in multiples of 1 (One) Debenture thereafter
Manner of bidding (Open or Closed Bidding)	Open
Manner of Allotment (Uniform Yield Allotment or Multiple Yield Allotment)	Multiple Yield
Manner of Settlement (through Clearing Corporation or through Escrow Bank Account of the Issuer)	ICCL
Settlement cycle	T+1
Details of the utilization of the Proceeds	Please refer to the head "Objects of the Issue" as provided hereinabove.
Coupon Rate	11.10% p.a. payable annually
Step Up/Step Down Coupon Rate	NA
Coupon Payment Frequency	Coupon payment to be made on March 30 of every year, starting from March 30, 2024 until (and including) the Redemption Date
Coupon Payment dates	Please refer clause (c) of Section 3 for Coupon Payment Dates
Coupon Type	Fixed
Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc.).	NA
Day Count Basis	Actual/ Actual
Interest on Application Money	At the Coupon Rate (subject to deduction of tax at source, as applicable) from the date of realization of cheque(s)/ demand draft(s)/ RTGS up to one day prior to the Deemed Date of Allotment. Where pay-in Date and Deemed Date of Allotment are the same, no interest on application money shall be paid.
Default Interest Rate	<p>In case of default in payment of Coupon and/ or redemption of the principal amount of the Debentures on the respective due dates, additional interest of at least 2% (Two Percent) per annum over and above the Coupon Rate shall be payable by the Bank, subject to Applicable Law, for the defaulting period until the defaulted amount together with the delay penalty is paid.</p> <p>Where the Bank fails to execute the Debenture Trust Deed within the period specified by SEBI, then without prejudice to any liability arising on account of violation of the provisions of the Securities and Exchange Board of India Act, 1992 and the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Bank shall also pay interest of at least 2% (Two Percent) per annum or such other rate, as specified by SEBI to the Debenture Holders, over and above the Coupon Rate, till the execution of the Trust Deed, subject to Applicable Law.</p>
Tenor	120 months from the Deemed Date of Allotment
Redemption Date	February 28, 2034
Redemption Amount	Rs. 1,00,000/- (Rupees One Lakh only) per Debenture
Redemption Premium / Discount	NA
Issue Price	Rs. 1,00,000/- (Rupees One Lakh only) per Debenture
Discount at which security is issued and the effective yield as a result of	NA

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such discount.		
Premium/Discount at which security is redeemed and the effective yield as a result of such premium/discount	NA	
Put Option Date	NA	
Put Option Price	NA	
Call Option Date	NA	
Call Option Price	NA	
Put Notification Time (Timelines by which the investor need to intimate Issuer before exercising the put)	NA	
Call Notification Time (Timelines by which the Issuer need to intimate investor before exercising the call)	NA	
Rollover Option	NA	
Face Value	Rs. 1,00,000/- (Rupees One Lakh only) per Debenture	
Minimum Application and in multiples of Debt securities thereafter	1 (One) Debenture and in multiples of 1 (One) Debenture thereafter.	
Details about Underwriting of the Issue including the Amount Undertaken to be Underwritten by the Underwriters.	NA	
Series Issue Timing	Issue Opening Date	February 28, 2024
	Issue Closing Date	February 28, 2024
	Pay-in Date	February 29, 2024
	Deemed Date of Allotment	February 29, 2024
	Date of earliest closing of the Issue	NA
	The Bank reserves the right to change the Issue programme including the Deemed Date of Allotment at its sole discretion in accordance with the timelines specified in the SEBI Debt Listing Regulations without giving any reasons or prior notice. The Issue will be open for bidding as per bidding window that would be communicated through BSE BOND-EBP Platform.	
Issuance mode of the Instrument	Demat Only	
Trading mode of the Instrument	Demat Only	
Settlement mode of the Instrument	NEFT / RTGS	
Depository(ies)	NSDL and CDSL	
Disclosure of Interest/ Redemption Dates	Please refer clause (c) of Section 3 for Coupon Payment Dates and Redemption Date.	
Record Date	15 (fifteen) calendar days (excluding date of intimation and record date) prior to any Due Date, or such other days as may be prescribed under Applicable Law.	
All covenants of the issue (including side letters, accelerated payment clause, etc.)	Please refer to Section 5 below	
Description regarding Security (where applicable) including type of security (movable/immovable/tangible etc.), type of charge (pledge/hypothecation/ mortgage etc.), date of creation of security/ likely date of creation of security, minimum security cover, revaluation	Not Applicable as the Debentures are unsecured.	
Replacement of security, interest to	Not Applicable as the Debentures are unsecured.	

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<p><b>the debenture holder over and above the coupon rate as specified in the Trust Deed and disclosed in the issue document</b></p>	
<p><b>Transaction Documents</b></p>	<p>In respect of this Issue shall mean the General Information Document, this Key Information Document for this Issue, the Debenture Trust Deed, Trustee Agreement and the Private Placement Offer Cum Application Letter, as amended from time to time, and any other document that may be designated by the Debenture Trustee as a Transaction Document.</p>
<p><b>Conditions Precedent for issuance of Debentures</b></p>	<ul style="list-style-type: none"> <li>(i) The Bank shall deliver to the Debenture Trustee, certified true copies of the Bank's constitutional documents, registration certificate and certificate of incorporation, as amended up-to-date;</li> <li>(ii) The Bank shall deliver to the Debenture Trustee, consent letter from the Debenture Trustee and other entities as prescribed under Section 1 conveying their consent in respect of the Issue;</li> <li>(iii) The Bank shall deliver to the Debenture Trustee, a certified true copy of the resolution of the Board of Directors (and / or any committee of Directors) authorising the issue of Debentures and also the execution of the necessary documents in that behalf;</li> <li>(iv) The Bank shall deliver to the Debenture Trustee, a copy of the rating letters in relation to the Debentures issued by the Rating Agencies;</li> <li>(v) Due Diligence Certificate with respect to the Debentures;</li> <li>(vi) Such other Conditions Precedent as set out in the Transaction Documents.</li> </ul>
<p><b>Condition Subsequent</b></p>	<ul style="list-style-type: none"> <li>(i) Filing of the relevant documents required to be filed with the Registrar of Companies (if any), <i>inter alia</i>, the return of allotment within the timelines specified under the Act and the rules made thereunder;</li> <li>(ii) Completion of listing of the Debentures on the WDM segment of the Stock Exchange;</li> <li>(iii) Credit of the Debentures in the demat account(s) of the allottees;</li> <li>(iv) Such other Conditions Subsequent as set out in the Transaction Documents (if any).</li> </ul>
<p><b>Events of Default</b></p>	<p>Please refer to Section 5 below</p>
<p><b>Creation of Recovery Expense Fund</b></p>	<p>The Bank has created and is maintaining a recovery expense fund in the manner as may be specified by SEBI from time to time and same shall be informed to the Debenture Trustee and Designated Stock Exchange.</p> <p>The recovery expense fund shall be utilized for the activities as may be permitted by the applicable regulations.</p>
<p><b>Conditions for breach of covenants (as specified in Debenture Trust Deed)</b></p>	<p>Please refer to Section 5 below</p>
<p><b>Provisions related to Cross Default Clause</b></p>	<p>NA</p>
<p><b>Role and Responsibilities of Debenture Trustee</b></p>	<p>To oversee and monitor the overall transaction for and on behalf of the Debenture Holders as customary for transaction of a similar</p>

	nature and size and as executed under the appropriate Transaction Documents.
<b>Risk factors pertaining to the Issue</b>	Please refer to Section 3 of the General Information Document.
<b>Governing Law and Jurisdiction</b>	<p>(a) The validity, interpretation, implementation and resolution of disputes arising out of or in connection with the Transaction Documents shall be governed by the laws of India.</p> <p>(b) Arbitration</p> <p>(i) Subject to clause (c) below, Parties agree that all claims, differences or disputes between the Trustee and the Bank arising out of or in relation to the activities of the Trustee in the securities market shall be settled by online arbitration conducted in accordance with the SEBI Circular dated July 31, 2023 (bearing reference no. SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023//131), as amended from time to time (“<b>ODR Circular</b>”).</p> <p>(ii) All such proceedings shall be in the English language. The seat of arbitration shall be determined in accordance with the ODR Circular.</p> <p>(iii) The online arbitration shall be governed by the provisions of the Arbitration and Conciliation Act, 1996 (as amended from time to time) read with the ODR Circular.</p> <p>(iv) No loss or damage or expenses incurred by the Trustee or the Bank shall be met out of the trust property.</p> <p>(c) Courts and Tribunals</p> <p>To the extent:</p> <p>(i) that the ODR Circular is not applicable to the Debentures;</p> <p>(ii) that the claims, differences or disputes are arising out of or in relation to the Debentures, other than matters referred to in Regulation 14A of the Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993;</p> <p>(iii) that the claims, differences or disputes are not arbitrable under Applicable Law;</p> <p>(iv) that there are all or any matters which are referable/ capable of being referred to/ being instituted in courts and tribunals pursuant to or in relation to the process of arbitration as set out in clause (b) above;</p> <p>each party submits itself to the exclusive jurisdiction of the courts and tribunals in Mumbai, Maharashtra or Thrissur, Kerala</p> <p>(d) The provisions of this clause shall survive the termination of the Transaction Documents.</p>

**NOTES:**

- a) If there is any change in Coupon Rate pursuant to any event including lapse of certain time period or downgrade in rating, then such new Coupon Rate and events which lead to such change will be disclosed by the Bank.