

INDICATIVE TERM SHEET

The terms and conditions given below are indicative only and are not exhaustive and subject to change.

PARTIES INVOLVED IN THE ISSUE	
Security Name	12.85% SINDHUJA MICROCREDIT PRIVATE LIMITED 2024
Issuer / Company	SINDHUJA MICROCREDIT PRIVATE LIMITED
Debenture Trustee	Vardhman Trusteeship Pvt Limited
Name of Instrument	Rated, Secured, Taxable, Unlisted, Redeemable, Non-Convertible Debentures
Seniority (Senior or Subordinated)	Senior
Promoter (s)	Mr. Abhisheka Kumar Mr. Malkit Singh Didyala
Listing (including name of stock Exchange(s) where it will be listed and timeline for listing)	The Debentures are to be Unlisted
Subscriber(s)	Axis Trustee Services Limited acting in its capacity as the trustee of the Northern Arc India Impact Trust with Northern Arc India Impact Fund as its scheme.
Depository	NSDL
Registrar and transfer agent	Orbis Financial Corporation Limited
Rating Agency	India Ratings
Structurer and Arranger	Not Applicable
Legal Counsel	Phoenix Legal
Guarantor(s)	Mr. Abhisheka Kumar Mr. Malkit Singh Didyala
Credit Enhancer(s)	Not Applicable
Other obligor(s)	Not Applicable
DETAILS OF THE INSTRUMENT	
Type of instrument	Non-convertible debentures
Nature of instrument	Rated Unsubordinated Secured Unlisted Transferable Redeemable Non-Convertible Debentures.
Ranking	Unsubordinated
Security requirements	Debentures shall be secured as per the terms and conditions stipulated under the heading 'Security Creation' hereunder.
Rating	IndRa BBB-

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For SINDHUJA MICROCREDIT PVT. LTD.

Abhisheka Kumar

Managing Director

ISSUE DETAILS									
Mode of Issue	Private Placement								
Objects of the Issue	<p>Issue proceeds will be utilized for following purposes and towards the growth of the Issuer's business:</p> <ul style="list-style-type: none"> For On-lending purpose only. 								
Utilisation of Issue proceeds	The proceeds will be utilised as per the objects of the Issue. No part of the proceeds would be utilized directly / indirectly towards equity capital markets or land acquisition or usages as restrictive for bank financing.								
Form of issue	Debentures will be issued in dematerialized form.								
Issue size	INR. 30,00,00,000 (Indian Rupees Thirty Crores only)								
Tenor	24 Months								
Face value	INR. 10,00,000/- (Indian Rupees ten lakhs only)								
Minimum Subscription	INR. 1,00,00,000/- (Indian Rupees One Crore only)								
Minimum Application and in multiples of thereafter	INR. 1,00,00,000/- (Indian Rupees One Crore only)								
Interest on Application Money	Interest shall be payable on all application monies received at the Coupon Rate of 12.85% per annum from the date of realization of the application monies by the Issuer up to one day prior to the Deemed Date of Allotment and the same shall be paid to the relevant investors within 5 (five) Business Days from the Deemed Date of Allotment.								
Issue price	Debentures will be issued at par.								
Issue Timing	<table border="1"> <tr> <td>Issue Opening Date</td><td>15th March 2022</td></tr> <tr> <td>Issue Payin Date</td><td>15th March 2022</td></tr> <tr> <td>Issue Closing Date</td><td>15th March 2022</td></tr> <tr> <td>Deemed Date of Allotment</td><td>15th March 2022</td></tr> </table>	Issue Opening Date	15 th March 2022	Issue Payin Date	15 th March 2022	Issue Closing Date	15 th March 2022	Deemed Date of Allotment	15 th March 2022
Issue Opening Date	15 th March 2022								
Issue Payin Date	15 th March 2022								
Issue Closing Date	15 th March 2022								
Deemed Date of Allotment	15 th March 2022								
Record Date	7 Calendar days								
Issuance mode of the Instrument	Dematerialised form								
Trading Mode of the Instrument	Dematerialised form								
Settlement mode of the Instrument	Dematerialised form								
REDEMPTION									
Redemption Amount	Each Debenture shall be redeemed at par.								

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For SINDHUJA MICROCREDIT PVT. LTD.
Abhishek Kumar
 Managing Director

Scheduled Redemption	Debentures shall be redeemed on a pro rata basis as set out in Schedule 1 (Redemption Schedule) hereto and shall be fully redeemed by the Redemption Date.
Final Redemption Date	15 th March 2024 or any prior date wherein the Debentures are redeemed pursuant to acceleration or Event of Default
Put Option	Not Applicable
Put Date	Not Applicable
Put Price	Not Applicable
Put Notification Time (Timelines by which the investor need to intimate Issuer before exercising the put)	Not Applicable
Early Redemption	Early redemption shall not be allowed within 12 months from Deemed Date of Allotment (" Lock-in Period ") by Debenture Holders or Issuer. In case of early redemption of the Debentures at the instance of the Issuer after the Lock-in Period, on any date other than the Final Redemption Date and not arising due to an Event of Default, the Issuer shall pay an Early Redemption Premium. Early Redemption Premium will have to be paid over and above the Coupon Rate. Early Redemption shall be subject to the consent of the Majority Debenture Holders. The Issuer shall give the Debenture Trustee and the Debenture Holders a written notice at least 45 (Forty Five) days prior to the date of early redemption where consent of Debenture Holders shall be sought.
Early Redemption Premium	3 % (Three percent) on the principal amount prepaid.
COUPON PAYMENT	
Coupon Type	Fixed
Coupon Rate	12.85% (Twelve point Eight Five percent) per annum compounded monthly payable at such frequency as set out below against the heading 'Coupon Payment Frequency' and on such dates as set out below against the heading 'Coupon Payment Dates'.
Coupon Payment Frequency	Half-Yearly
Coupon Payment Dates	As set out in schedule 1
One Time Upfront Interest	0.70% of the issue size to be paid upfront
Default interest	Coupon Rate plus 5 % (Five percent)
Step Up Coupon Rate	In the event the Credit Rating of the Debenture issued by the Issuer is downgraded from the current rating of BBB- by 1 notch, the Coupon shall be increased by 0.50% for every notch of rating downgrade, applicable from the date of such downgrade until such event is cured, on the outstanding principal amount and accrued

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Abhishek Kumar

Managing Director

	interest, if any, of the Debentures. If the issuer of the debenture is rated by more than one rating agency, then the lowest of the ratings shall be considered.
CONVENTIONS	
Day Count Basis	Actual/Actual
Business Day	Means any day, other than a public holiday under Section 25 of the Negotiable Instruments Act, 1881 or a Sunday, on which banks are open for general business in Mumbai;
Business Day Convention	<p>(a) If the date of payment of any interest in respect of the Debentures falls on a day that is not a Business Day, such payment of interest shall be made on the next occurring Business Day;</p> <p>(b) If the date of payment of any redemption amount falls on a day that is not a Business Day, such payment of instalment shall be made on the immediately preceding Business Day; and</p> <p>(c) If the Redemption Date as the case may be, falls on a day that is not a Business Day, such payment of interest and redemption amount shall be made on the immediately preceding Business Day.</p>
THIRD PARTY OBLIGATIONS	
Guarantor(s)	Mr. Abhisheka Kumar Mr. Malkit Singh Didyala
Credit Enhancer(s)	Not applicable
Other Obligor(s)	Not applicable
SECURITY CREATION	
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, replacement of security, interest to the debenture holder over and above the coupon rate as specified in the Trust Deed cum Hypothecation Agreement and disclosed in the Offer Document/ Information Memorandum	<p>The Debentures shall be secured by way of a first ranking, exclusive and continuing charge on identified receivables ("Hypothecated Receivables") created pursuant to the deed of hypothecation to be executed between the Company and the Debenture Trustee as described herein. The Hypothecated Receivables shall at all times be equal to the value of the outstanding principal amount of the Debentures. The Issuer undertakes:</p> <ul style="list-style-type: none"> To maintain the value of security at all times equal to 1.10 (One decimal point onezero) time or 110% (One hundred and ten percent) the aggregate amount of principal outstanding of the NCDs where at least 1.10 (One decimal point one zero) times or 110% (One hundred and fifteen percent) of the security cover is from principal receivables ("Security Cover") To create, register and perfect the security over the Hypothecated Receivables as contemplated above no later than 30 calendar days after the Deemed Date of Allotment by executing a duly stamped deed of hypothecation ("Deed")

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For SINDHUJA MICROCREDT PVT. LTD.

Abhisheka Kumar

Managing Director

	<p>of Hypothecation”) and filing CHG-9 within the time period applicable. The Company shall also provide such information sought by the Debenture Trustee for the purpose of filing the prescribed forms and particulars with the Central Registry and Information Utility in connection with the Debentures and the Security Interest over the Hypothecated Receivables.</p> <ul style="list-style-type: none"> • The Issuer shall authorize the Debenture Trustee (by itself or through its nominee) to conduct credit bureau scrub on the Hypothecated Assets from time to time. • To pay a penal interest of 2.0% (Two Percent) p.a. over the Coupon Rate (if any) in case there is any delay in the creation, registration and perfection of the security over the Hypothecated Receivables; • To provide a list on a monthly basis, of specific loan receivables/identified book debts to the Debenture Trustee over which the charge is created and subsisting by way of hypothecation in favour of the Debenture Trustee (for the benefit of the Debenture Holders) (“Monthly Hypothecated Asset Report”) • To add fresh loan assets to the Security Cover to ensure that the value of the Hypothecated Receivables is equal to 1.10 (One decimal point one zero) times or 110% (One hundred and ten percent) the aggregate amount of principal outstanding of the NCDs where at least 1.10 (One decimal point one zero) times or 110% (One hundred and ten) of the security cover is from principal receivables. • To replace Hypothecated Receivables that have been overdue for more than 60 days. Such replacement shall be affected within 15 (Fifteen) Business Days of the Hypothecated Receivables becoming overdue. <p><u>Eligibility Criteria for the Hypothecated Receivables:</u></p> <ul style="list-style-type: none"> • the receivables are existing at the time of selection and have not been terminated or pre-paid; • the receivables have not been restructured or rescheduled; • all “Know Your Customer” norms have been complied with as prescribed by the Reserve Bank of India; • The ticket size at the time of disbursement should not exceed INR 5 lakhs
Pledge	None.
Mortgage	None.
OTHER COVENANTS	
Debenture Redemption Reserve	If so applicable for the Issue, the Issuer shall create debenture redemption reserve in accordance with the Companies Act, 2013

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For SINDHUJA MICROCREDIT PVT. LTD.

AS L3heke Kumar

Managing Director

	(and Rules thereunder) and in terms thereof earmark an amount not less than 15% of the amount maturing during the year ending on the 31 st day of March of the next year by way of investment and deposits in specified securities on or before the 30 th day of April in each year.						
Environment, Social, Governance related covenants	As mentioned in Schedule II						
Related Party Transactions	Issuer shall not enter into any transaction(s) with a related party without the prior written consent of the Debenture Trustee						
Representations and Warranties	<p>(a) The Issuer is a private limited company duly incorporated on December 01, 2017; [Note: Should be 10 years or less since incorporation]</p> <p>(b) Turnover of the Issuer for any of the financial years since incorporation has not exceeded INR 100 crore;</p> <p>(c) The Issuer is working towards innovation, development or improvement of products or processes or services, or is a scalable business model with a high potential of employment generation or wealth creation;</p> <p>And as set out in greater detail in the Debenture Trust Deed</p>						
Affirmative Covenants	<p>(d) To utilise the proceeds of this issue in accordance with applicable laws and regulations</p> <p>(e) To ensure that at least 1 Independent Director is on the Board of the Company within 15 months from the date of issuance</p> <p>(f) To promptly inform notice of winding up / other legal proceedings</p> <p>(g) To promptly inform Material Adverse Effect</p> <p>(h) To provide the Debenture Holders with access to data / information / meetings with the management team for periodical portfolio monitoring</p> <p>(i) To comply with corporate governance, fair practices code prescribed by RBI</p> <p>(j) To afford privileged access to SIDBI for any additional banking business</p> <p>And as set out in greater detail in the Debenture Trust Deed</p>						
Negative Covenants	<p>The Issuer shall take the prior written permission from the Investor / Trustee for the following:</p> <p>(a) Change in promoter, majority ownership or control (as defined under the under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011);</p> <p>(b) Any dilution of stake of the key shareholders of the promoter as defined below:</p> <table border="1"> <thead> <tr> <th>Key Shareholders</th><th>Fully diluted stake</th></tr> </thead> <tbody> <tr> <td>Mr. Abhisheka Kumar</td><td>10.32%</td></tr> <tr> <td>Mr. Malkit Singh Didyala</td><td>08.13%</td></tr> </tbody> </table>	Key Shareholders	Fully diluted stake	Mr. Abhisheka Kumar	10.32%	Mr. Malkit Singh Didyala	08.13%
Key Shareholders	Fully diluted stake						
Mr. Abhisheka Kumar	10.32%						
Mr. Malkit Singh Didyala	08.13%						

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For SINDHIA INFRASTRUCTURE PRIVATE LTD.

Abhisheka Kumar

Managing Director

	<ul style="list-style-type: none"> (c) Mr. Abhisheka Kumar and Mr. Malkit Singh Didyala cease to remain in the executive position in the company (d) Any dilution of control over Board composition, other than appointment of independent directors (e) Mergers, acquisitions, investment in associates, JVs and subsidiaries including disposal of any of the above (f) Change in nature of business of the Company (g) Change in constitutional documents, in a manner which would prejudicially affect the interests of the Debenture Holder(s) (h) Loans exceeding 10% of Net-Worth to any single party and/or guarantees on behalf of third parties; except in the case of guarantee extended towards off-balance sheet portfolio (i) Declare dividend on equity/preference shares before payment of coupon due on the NCDs or when an Event of Default is subsisting (j) Change in statutory auditors, unless required by applicable law (k) Material compromise or settlement <p>And as set out in greater detail in the Debenture Trust Deed</p>
Events of Default (including manner of voting/conditions of joining Inter Creditor Agreement)	<ul style="list-style-type: none"> (a) Non-payment of any of the dues under this term sheet or the Transaction Documents (b) Default in compliance with financial covenants (c) Default in compliance with non-financial covenants (d) Default or trigger of event of default on any other indebtedness (cross default) (e) Misrepresentation or misleading information in any of the Transaction Documents (f) Insolvency, winding up, liquidation (g) Creditors' processes initiated against the company (h) Repudiation of Transactions Documents (i) Cessation of business (j) The rating of any instrument rated from any of the external rating agency gets downgraded to a rating of B or below (k) Erosion of 50% or more of the Company's net worth as compare to previous financial year <p>And as set out in greater detail in the Debenture Trust Deed</p>
Provisions related to Cross Default	As mentioned in the Debenture Trust Deed
Role and Responsibilities of Debenture Trustee	As mentioned in the Debenture Trust Deed
Reporting Covenants	(a) QUARTERLY REPORTS -within 45 (Forty five) calendar days after the end of each calendar quarter:

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ABhisheka Kumar

Managing Director

	<p>(i) Information on financials, operations, portfolio growth & asset quality (static portfolio cuts, collection efficiency and PAR), funding in formats agreeable to the Investor</p> <p>(ii) List of Board of Directors</p> <p>(iii) Shareholding Pattern</p> <p>(iv) Financial covenant compliance certificate issued by management</p> <p>(v) Information on:</p> <ul style="list-style-type: none"> • New products introduced, or change in existing product features • New business correspondent relationships or discontinuance of existing relationships • Geographical expansion to any new state • Material changes to the IT / MIS systems • Change in credit bureaus used • Revision in the Business Plan • Changes in the Accounting Policy • Any fraud amounting to more than 1% of GLP <p>(b) SEMI ANNUAL – within 45 days after the end of each calendar half year</p> <p>(i) Impact Measurement metrics viz.</p> <ul style="list-style-type: none"> • Number and amount of loans given to self-employed women • State wise number and amount of loans disbursed • Ticket size wise number and amount of loans disbursed <p>Further, the Company shall provide the following information within 45 days of the end of the calendar year, and as and when requested by the Debenture Holders:</p> <ul style="list-style-type: none"> • An impact disclosure relating to social and financial inclusion attributed to employment opportunities, social diversity and gender equity as may be required by debenture trustee from time to time, and which may be shared by the debenture holders with their stakeholders. • Information as may be required in order for Northern Arc Investments to conduct a social performance assessment of the Company. <p>(c) ANNUAL REPORTS – within 120 days after the end of each fiscal year</p>
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For SINDHUJA MICRO CREDIT PVT. LTD.
Abhishek Kumar

Managing Director

- (i) Audited financials
- (ii) A certificate from the Director/CFO confirming that there is no Event of Default;
- (iii) Copy of all annual information submitted to the RBI; and
- (iv) Corporate social responsibility report (if applicable)

Further, the Company shall provide the following information within 45 days of the end of the calendar year:

- (i) Number of borrowers, percentage of female borrowers, percentage of rural borrowers
- (ii) Number of loans outstanding
- (iii) Gross Loan Portfolio
- (iv) Number of full-time employees
- (v) Number of deposit / savings clients, if applicable,
- (vi) Number of low-income clients (with a definition of low-income)
- (vii) Average loan size
- (viii) Information as may be required in order for Northern Arc Investments to conduct a social performance assessment of the Company

(d) EVENT BASED REPORTS – within 5 business days after event occurring

- (i) Change in the shareholding structure
- (ii) Change in the Senior Management officials (Chief Executive Officer, Chief Financial Officer, Chief Operating Officer or Chief Risk Officer)
- (iii) Change in statutory auditors
- (iv) Board approval of annual business plan
- (v) Material change in the Constitutional Documents of the Company;
- (vi) Material Adverse Effect.
- (vii) Any dispute, litigation, investigation or other proceeding for an amount excess of INR 5 Crore or which could result in a Material Adverse Effect.
- (viii) Winding up proceedings
- (ix) Any Event of Default or Potential Default, and any steps taken / proposed to remedy the same
- (x) Any prepayment or notice of any prepayment of any Indebtedness of the Issuer.

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For SINDHUJA MICROCREDIT PVT. LTD.
Ashtika Kumar

Managing Director

Financial Covenants	<p>(a) Tier 1 Capital Ratio (Tier 1 Capital / Risk Weighted Assets) of >12% or as per the regulatory requirement prescribed by Reserve Bank of India, whichever is higher; Tier 1 Capital defined as per the norms applicable by the Reserve Bank of India from time to time</p> <p>(b) Capital Adequacy (Tier 1 Capital + Tier 2 Capital) / Risk Weighted Assets) of >17% as per the regulatory requirement prescribed by Reserve Bank of India, whichever is higher; Tier 1 Capital and Tier 2 Capital defined as per the norms applicable by the Reserve Bank of India from time to time.</p> <p>For the purpose of the calculations of the Capital Adequacy as mentioned above:</p> <ol style="list-style-type: none"> The first loss credit enhancement provided by the Company on securitization shall be reduced from Tier I Capital and Tier II Capital and the deduction shall be capped at 15% of the outstanding securitized portfolio. The first loss credit enhancement provided by the Company on Client Loans originated on behalf of other institutions shall be reduced from Tier I Capital and Tier II Capital without any ceiling. Investments made by the Company in share capital shall be reduced from Tier I Capital and Tier II Capital. <p>(c) Maintain a ratio of A:B not greater than 5% where A is PAR-90 and B is the Gross Loan Portfolio.</p> <p>(d) maintain a ratio of A:B less than 20% where A is PAR-90 net of loan loss provision on the Gross Loan Portfolio and B is Tangible Net-worth</p> <p>(e) Ratio of Gross Loan Portfolio to Tangible Net worth not to exceed 6 times</p> <p>(f) Maintain a positive After-tax Net Income</p> <p>(g) Maintain positive cumulative mismatch of at least 5% of the total assets for all months up to 1 year</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>
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AS Lakshmi Kumar

Managing Director

	<p>"Tangible Net Worth" means the Net worth of the Company, net of intangible assets and deferred tax assets.</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>"Total Assets" means, for any date of determination, the total Assets of the Company on such date, including owned, securitised and managed (non-owned portfolio</p> <p>And as set out in greater detail in the Debenture Trust Deed</p>
Transaction documents	<p>Debenture Trust Deed, Hypothecation Agreement, Hypothecation Confirmation Letter, Deed(s) of Guarantee, Undertaking(s), Disclosure Documents, Resolutions, the letters issued by the Rating Agency and the Registrar and all other documents in relation to the issuance of the Debentures.</p> <p>Disclosure Documents means collectively,</p> <p>(a) the debt disclosure document to be issued by the Issuer in terms of sub-regulation (1) of Regulation 21 (<i>Disclosures in respect of Private Placements of Debt Securities</i>) of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (if applicable); and</p> <p>(b) private placement offer letter to be issued by the Issuer in terms of section 42 (<i>Offer or invitation for subscription of securities on private placement</i>) of the Companies Act, 2013.</p> <p>Resolutions means collectively,</p> <p>(a) special resolution of the shareholders of the Company under Section 180(1)(a) of the Companies Act, 2013; if applicable</p> <p>(b) special resolution of the shareholders of the Company under Section 180(1)(c) of the Companies Act, 2013; if applicable</p> <p>(c) board resolution of the board of directors of the Company under Section 42 and other applicable provisions of the Companies Act, 2013 and Rules thereunder;</p> <p>(d) special resolution of the shareholders of the Company under the applicable provisions of the Companies Act, 2013 and Rule 14(2) and other applicable provisions of Companies (Prospectus and Allotment of Securities) Rules, 2014.</p>
Other Costs & Conditions	<p>The Issuer shall bear the costs and expenses incurred in connection with the transactions contemplated hereby including stamp duty</p>

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For SINDHUJA MICRO CREDIT PVT. LTD.
AS Loke Kumar

Managing Director

	<p>and registration fee (if applicable) on the Transaction Documents (and the Debentures), appointment of the Debenture trustee, legal advisors' expenses and expenses incurred in the preparation for the Transaction Documents.</p> <p>The Issuer consents to the use of its name and logo in investor reports, disclosure documents, or other materials prepared by Debenture Holders for its stakeholders.</p>
Condition Precedent to Disbursement	As mentioned in the Debenture Trust Deed
Condition Subsequent to Disbursement	As mentioned in the Debenture Trust Deed
Creation of Recovery Expense Fund (If Applicable)	<p>Details and purpose of the recovery expense fund</p> <p>The Issuer shall create and maintain the Recovery Expense Fund up to the amounts prescribed under the circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22, 2020 on "Contribution by Issuers of listed or proposed to be listed debt securities towards creation of "Recovery Expense Fund" ("SEBI REF Circular") issued by SEBI REF Circular, in accordance with and within the timelines prescribed in the SEBI REF Circular.</p> <p>The Recovery Expense Fund shall be created to enable the Debenture Trustee to take prompt action in relation to the enforcement of the Security in accordance with the Transaction Documents.</p> <p>The amounts in the Recovery Expense Fund shall be utilised in the manner as may be prescribed by the Debenture Holders by a Special Resolution duly passed at the meeting of the Debenture Holders held in accordance with the provisions set out in the Transaction Documents.</p> <p>On the occurrence of an Event of Default, if the Security is proposed to be enforced, the Debenture Trustee shall follow the procedure set out in the SEBI REF Circular for utilisation of the Recovery Expense Fund.</p>
Governing Law and Jurisdiction	Indian Law with jurisdiction of the courts and tribunals of Chennai.

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For SINDHUJA MICROREDIT PVT. LTD.

 Managing Director

Schedule I

Cash Flow date	Investment	Coupon	Cash Flow
15-03-2022	30,00,00,000		
30-06-2022		1,14,58,667	1,14,58,667
31-12-2022		1,99,65,537	1,99,65,537
30-06-2023		1,96,31,249	1,96,31,249
31-12-2023		1,99,65,537	1,99,65,537
15-03-2024		79,66,292	30,79,66,292

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For SINDHUJA MICROCREDIT PVT. LTD.

Akshay Kumar

Managing Director

Schedule II

DEFINITIONS

"**Client Protection Claim**" means any claim, proceeding or investigation by a person in respect of any Client Protection Laws;

"**Client Protection Laws**" means any laws, rules or regulations applicable to the Company as a non-banking finance company or otherwise concerning consumer protection matters;

"**Environmental and Social Claim**" shall mean any claim, proceeding or investigation in respect of any Environmental and Social Requirements.

"**Environmental and Social Requirements**" means any law, rule or regulation (including international treaty obligations) applicable in the Republic of India and, in respect of the Company, any country in which the Company carries out business activities concerning (i) environmental matters, (ii) natural resource management, (iii) any environmental and/or social permit, license, consent, approval or other authorisation required by the Company to conduct its business, (iv) labour, (v) social security, (vi) industrial relations, (vii) protection of occupational as well as public health and safety, (viii) public participation, (ix) the protection and regulation of ownership of land rights (both formal and traditional), immovable goods and intellectual and cultural property rights, (x) the protection and empowerment of indigenous people or ethnic groups, (xi) the protection, restoration and promotion of cultural heritage and (xii) protection of employees and citizens.

"**Exclusion List**" means the list of excluded activities set out in **Annexure A (Exclusion List)**;

"**Group Entities**" shall mean and refer to the subsidiaries of the Company, associate companies (as defined under the extant Companies Act, 2013) of the Company, and the entities under Control of the Company, from time to time, and "**Group Entity**" shall mean anyone of them;

"**Objectionable Practice**" means any acts of bribery or corruption, financing of terrorist/terrorist organisation, misrepresentation for financial benefit, money laundering activities (howsoever described under applicable Law) or any act of falsifying/alteration of evidence relating to the aforesaid activities;

"**OFAC**" means the Office of Foreign Assets Control of the U.S. Department of the Treasury, which administers and enforces economic and trade sanctions based on U.S. foreign policy and national security goals against targeted individuals, organizations, and foreign countries and regimes.

"**OFAC Lists**" means the Specially Designated Nationals and Blocked Persons List and any other lists administered or enforced by OFAC, including but not limited to the Sectoral Sanctions Identifications List, the Foreign Sanctions Evaders List, the Palestinian Legislative Council List, and the List of Foreign Financial Institutions Subject to Correspondent Account or Payable-Through Account Sanctions, in each case as published by OFAC from time to time.

"**Sanctions**" means the economic sanctions laws, regulations, embargoes or restrictive measures administered, enacted or enforced by any Sanctioning Authority.

"**Sanctioning Authority**" means any of the United Nations Security Council, the European Union (or member state thereof), the United Kingdom (including Her Majesty's Treasury) and the United States

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Aswika Kumar

Managing Director

(including OFAC), and such other sanctioning authorities as may be communicated to the Company from time to time.

"Workers' Rights Requirements" shall have the meaning given to it in Annexure B (Workers' Rights Requirements).


REPRESENTATIONS AND WARRANTIES

- Neither the Company nor any Group Entity has violated, or breached any applicable Law (including, but not limited to, any Environmental and Social Requirements or Client Protection Laws) which has resulted in or could reasonably be expected to have a Material Adverse Effect.
- The Company and its Group Entities have conducted and are conducting their respective businesses in all material respects in compliance with all applicable Laws including but not limited to Environmental and Social Requirements and Client Protection Laws.
- With respect to all such Environmental and Social Requirements, the Company and each Group Entity (1) have been issued and will maintain all required consents and will take all reasonable steps in anticipation of known or expected future changes or obligations to the same, (2) have not received any complaint, order, directive, claim, citation, or notice by any Governmental Authority, and (3) have not received any complaint or claim from any person seeking damages, contribution, indemnification, cost recovery, compensation, or injunctive relief.
- No Corrupt Practices
 - (i) Neither the Company nor its Promoters or affiliates have indulged in any corrupt practices pertaining to the business such as misstatement, fraud, misappropriation, embezzlement of financial and other resources or gains unreported in the audited financial statements.
 - (ii) Neither the Company nor any Group Entity through its officers, directors or employees in such capacities or any person acting on behalf of the Company or any Group Entity have engaged in any Objectionable Practice.

AFFIRMATIVE COVENANTS

- (i) The Company shall (and it shall ensure that all of the Group Entities will) conduct their respective businesses in all material respects in compliance with all applicable Laws including but not limited to Environmental and Social Requirements and Client Protection Laws and take all reasonable steps in anticipation of known or expected future changes to or obligations under the same.
- (ii) The Company shall promptly inform the Debenture Trustee any material breach of any Environmental and Social Requirements and provide accurate and complete information with respect to such breach and any additional information in relation thereto, in whichever form as the Debenture Trustee may request at its sole discretion. The Company shall promptly inform the Debenture Trustee, on (i) any Environmental and Social Claim and/or any Client Protection Claim being commenced against it or against any Group Entity, and (ii) any facts or circumstances which will or are reasonably likely to result in any Environmental and Social Claim and/or any Client Protection Claim being commenced or threatened against it or any Group Entity, and provide accurate and complete information with respect to such Environmental and Social Claim and/or any Client

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For SINDHUJA MICROCREDIT PVT. LTD.

Managing Director

Protection Claim and any additional information in relation thereto, in whichever form as the Debenture Trustee may request at its sole discretion.

- (iii) The Company shall (and it shall ensure that the Group Entities will) abide by the Workers' Rights Requirements.

NEGATIVE COVENANTS

- Perform or involve in any of the excluded activities as listed in the Exclusion List or finance any Person or Obligor performing any of the excluded activities as listed in the Exclusion List.
- Engage in any Objectionable Practice, nor authorise or permit any other Person acting on its behalf or on behalf of such Person to do so.
- Neither the Company nor any other person benefiting in any capacity, either directly or indirectly, in connection with or from the Debenture Trust Deed and/or any instruments and/or payments thereunder is included in any OFAC List or otherwise the subject or target of any Sanctions. The Company shall not, and shall require that none of its borrowers engage in any transaction, activity or conduct that would violate any Sanctions. The Company shall not use all or any part of the proceeds of the Issue for any purpose that would be in breach of any Sanctions. The Company shall require that none of its borrowers to whom any debt was made available by the Company utilising the proceeds of the Issue use all or any part of such debt for any purpose that would be in breach of any Sanctions.

Annexure A EXCLUSION LIST

The Company shall not, finance any activity, production, use, distribution, business or trade involving any of the following:

1. Forced labor^[1] or child labor.^[2]
2. Activities deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international phaseouts or bans, such as:
 - (a) Pharmaceuticals,¹ pesticides, and herbicides,² ozone depleting substances,³ PCBs (Polychlorinated Biphenyls),⁴ or

^[1] Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty as defined by ILO conventions

^[2] Persons may only be employed if they are at least 14 years old, as defined in the ILO Fundamental Human Rights Conventions (Minimum Age Convention C138, Art. 2), unless local legislation specifies compulsory school attendance or the minimum age for working. In such cases the higher age shall apply

¹ A list of pharmaceutical products subject to phaseouts or bans is available at <http://www.who.int>.

² A list of pesticides and herbicides subject to phaseouts or bans is available at <http://www.pic.int>.

³ A list of the chemical compounds that react with and deplete stratospheric ozone resulting in the widely publicized ozone holes is listed in the Montreal Protocol, together with target reduction and phaseout dates. Information is available at <http://www.unep.org/ozone/montreal.shtml>.

⁴ A group of highly toxic chemicals, polychlorinated biphenyls are likely to be found in oil-filled electrical transformers, capacitors, and switchgear dating from 1950 to 1985.

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For SINDHUA MICROFINANCE PVT. LTD.
AG Lakshmi Kumar

Managing Director

- (b) Wildlife or products regulated under Convention on International Trade in Endangered Species or Wild Fauna and Flora (CITES), or
- (c) Drift net fishing in the marine environment using nets in excess of 2.5 km. in length or other unsustainable fishing methods like blast fishing.
- 3. Cross border trade in waste and waste products, unless compliant with the Basel Convention and the underlying regulations.
- 4. Destruction^[3] of High Conservation Value areas.^[4]
- 5. Pornography and/or prostitution.
- 6. Racist and/or anti-democratic media.
- 7. Weapons, landmines and munitions, including cluster munitions and paramilitary materials.
- 8. Alcoholic beverages (excluding beer and wine).⁵
- 9. Tobacco.⁵
- 10. Gambling, casinos and equivalent enterprises.⁵
- 11. Radioactive materials⁶ including nuclear reactors and components thereof or unbonded asbestos fibers.⁷
- 12. Hazardous chemicals,⁸ or commercial scale usage of hazardous chemicals (hazardous chemicals include gasoline, kerosene, and other petroleum products).
- 13. Commercial logging operations or the purchase of logging equipment for use in primary tropical forests or old-growth forests.
- 14. Marine and coastal fishing practices, such as large-scale pelagic drift net fishing and fine mesh net fishing, harmful to vulnerable and protected species in large numbers and damaging to marine biodiversity and habitats.
- 15. Production or activities that impinge on the lands owned, or claimed under adjudication, by indigenous peoples, without full documented consent of such peoples.
- 16. Any activity which may result in funding or supporting any individual or organization designated as: (i) terrorists or terrorist organizations by the United Nations, the European Union and any other applicable country; (ii) persons, groups or entities which are subject to United Nations, European Union and the US Office of Foreign Asset Control (OFAC) sanctions.

^[3] Destruction means the (1) elimination or severe diminution of the integrity of an area caused by a major, long term change in land or water use or (2) modification of a habitat in such a way that the area's ability to maintain its role is lost

^[4] High Conservation Value (HCV) areas are defined as natural habitats where these values are considered to be of outstanding significance or critical importance (See <http://www.hcvnetwork.org>)

⁵ This does not apply to project sponsors who are not substantially involved in these activities. Not substantially involved means that the activity concerned is ancillary to a project sponsor's primary operations.

⁶ This does not apply to the purchase of medical equipment, quality control (measurement) equipment, and any equipment for which ADB considers the radioactive source to be trivial and adequately shielded.

⁷ This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.

⁸ A list of hazardous chemicals is available at <http://www.pic.int>.

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For SINDHUJA MICROCREDIT PVT. LTD.

AS252ke Kume

Managing Director

Annexure B

WORKERS' RIGHTS REQUIREMENTS

The Company shall ensure that it provides a healthy and safe work environment for its employees by complying with applicable national laws and regulations related to healthy and safe work environments.

The Company's relationship with all of its employees shall be based on principles of equal opportunity and fair treatment. There shall be no discrimination on grounds like age, sex, gender, disability, ailment, religion, race, nationality, social or ethnic origin, colour, sexual orientation, political opinion and other personal characteristics unrelated to the inherent requirements of the job.

The Company shall not discriminate with respect to any aspect of the employment relationship including the hiring/selection process, promotions, transfers, provision of training opportunities, compensation, employee benefits, termination or retirement policies, and disciplinary practices.

The Company shall:

- (i) not take any actions to prevent its employees from lawfully exercising their rights of association and their right to organize and bargain collectively, or take any actions, or otherwise interfere with, coerce, or penalize, on the basis of the right of association or on the basis of organization and collective bargaining activities or membership, that may result in any form of retaliation, including, but not limited to, the termination, suspension, demotion, blacklisting, or transfer of any employee by it, or by an officer, agent, or representative thereof;
- (ii) observe applicable laws relating to a minimum age for employment of children, acceptable conditions of work with respect to minimum wages, hours of work, and occupational health and safety;
- (iii) not use forced or compulsory labour, including, but not limited to any form of slavery or bonded labour, or child labour;
- (iv) explain, document, and make available in writing to each new employee prior to commencing work and to each existing employee, information regarding all of their working conditions and terms of employment, including their entitlement to wages and any benefits;
- (v) not employ persons, formally or informally, under the age of fifteen (15) for general work or under the age of eighteen (18) for any economically exploitative work, is likely to be hazardous or to interfere with the person's education, or is likely to be harmful to the person's health or development (where applicable laws diverge from this specified age standard, the higher standard shall apply);
- (vi) not make employment decisions or discriminate with respect to aspects of the employment relationship on the basis of personal characteristics unrelated to inherent job requirements, including gender, race, religion, nationality, political opinion, or social or ethnic origin; and
- (vii) pay all wages, including all legally mandated bonus pay and premium pay for overtime work, in full, in legal tender, and in a timely fashion, to employees except when employees have agreed otherwise.

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For SINDHUJA MICROCREDIT PVT. LTD.

[Handwritten Signature]

Managing Director

The Company shall provide a grievance redressal mechanism for its employees (including grievances in relation to alleged discrimination at the workplace) including an anonymous channel for employees to utilise should they choose to do so. It is clarified that the said grievance redressal mechanism shall be in addition to and without prejudice to any rights or recourse that employees may have under applicable laws.

Date: 10/03/2022

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FOR SINDHUA MICROCREDIT PVT. LTD.

ASLS Lakshmi Kumar

Managing Director