

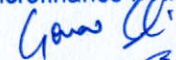
**INDICATIVE TERM SHEET**

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

<b>PARTIES INVOLVED IN THE ISSUE</b>		
Issuer / Company	Save Microfinance Private Limited	
Debenture Trustee	MITCON Trusteeship Services Limited	
Series	Series A	Series B
Subscriber(s)	Axis Trustee Services Limited acting in its capacity as the trustee of the Northern Arc Income Builder Trust (Series II) with Northern Arc Income Builder Fund (Series II) as its scheme	Axis Trustee Services Limited acting in its capacity as the trustee of the Northern Arc Income Builder Trust (Series II) with Northern Arc Income Builder Fund (Series II) as its scheme
Depository	NSDL/CDSL	
Registrar and transfer agent	[4]	
Rating Agency	CARE/ICRA/CRISIL/India Rating	
Structurer and Arranger	Not Applicable	
Legal Counsel	Verist Legal	
Guarantor(s)	1. Mr. Ajeet Kumar Singh 2. Mr. Ajay Kumar Sinha 3. Mr. Pankaj Kumar	
Credit Enhancer(s)	Not Applicable	
Other obligor(s)	Not Applicable	
Promoter(s)	1. Mr. Ajeet Kumar Singh 2. Mr. Ajay Kumar Sinha 3. Mr. Pankaj Kumar	
<b>DETAILS OF THE INSTRUMENT</b>		
Type of instrument	Principal protected non-convertible market linked debentures	Non-convertible Debentures
Nature of instrument	Rated Unsubordinated Secured Transferable Redeemable Principal Protected Non-Convertible Market Linked Debentures.	Rated Unsubordinated Secured Transferable Redeemable Non-Convertible Debentures.
Ranking	Unsubordinated	

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For Save Microfinance Pvt. Ltd.



Authorised Signatory

Security requirements	Debentures shall be secured as per the terms and conditions stipulated under the heading 'Security Creation' hereunder.			
Listing requirements	Unlisted.			
Rating	To be rated by either of CARE, ICRA, India Ratings or CRISIL within 90 days from the date of allotment	To be rated by either of CARE, ICRA, India Ratings or CRISIL within 180 days from the date of allotment		
<b>ISSUE DETAILS</b>				
Mode of Issue	Private Placement			
Form of issue	Debentures will be issued in / dematerialized form with NSDL.			
Issue size	INR 20,00,00,000/- (Indian Rupees Twenty Crores only)	INR 5,00,00,000/- (Indian Rupees Five Crores only)		
Tenor	38 (Thirty-Eight) months	36 (Thirty- Six) months		
Face value	INR. 10,00,000/- (Indian Rupees Ten lakhs only)			
Issue price	Debentures will be issued at par.			
Issue Schedule	Issue Opening Date	17 <sup>th</sup> September 2021	Issue Opening Date	29 <sup>th</sup> October 2021
	Issue Payin Date	17 <sup>th</sup> September 2021	Issue Payin Date	29 <sup>th</sup> October 2021
	Issue Closing Date	17 <sup>th</sup> September 2021	Issue Closing Date	29 <sup>th</sup> October 2021
	Deemed Date of Allotment	17 <sup>th</sup> September 2021	Deemed Date of Allotment	29 <sup>th</sup> October 2021
Objects of the issue	To augment the long-term resources of the Company & to meet working capital requirement			
Utilization of issue proceeds	The Issuer shall utilize the proceeds of the Issue solely for meeting the Objects of the Issue as stated in the Disclosure Document			
<b>REDEMPTION</b>				
Redemption Amount	Each Debenture shall be redeemed at par.			
Scheduled Redemption	Debentures shall be redeemed on a pro rata basis as set out in <b>Schedule I (Redemption Schedule)</b> hereto and shall be fully redeemed by the Final Redemption Date.	Debentures shall be redeemed on a pro rata basis as set out in <b>Schedule II (Redemption Schedule)</b> hereto and shall be fully redeemed by the Final Redemption Date.		
Final Redemption Date	31 <sup>st</sup> October 2024	30 <sup>th</sup> September 2024		

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Early Redemption	Early redemption at the option of the Issuer shall not be allowed within 24 months from Deemed Date of Allotment (“ <b>Lock-in Period</b> ”). 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 Premium	5% (Five percent) on the principal amount prepaid.	
Put Option	Any of the Debenture Holders shall have the right but not the obligation to call upon the Issuer to redeem the Debentures held by them prior to the Put Option Date by issuing a notice to the Issuer. The notice shall be issued to the Issuer at least 30 (Thirty) calendar days prior to the Put Option Date (“Put Option Exercise Date”) mentioning the number of Debentures which requires to be redeemed. Upon receipt of such notice, the Issuer shall on the Put Option Date redeem such number of Debentures as is mentioned in the notice by making payment of all outstanding principal, coupon/interest and other monies outstanding to the relevant Debentures Holders	
Put Option Exercise Date	17 <sup>th</sup> September 2023	17 <sup>th</sup> September 2023
<b>COUPON PAYMENT</b>		
Coupon Type	Linked to BSE SENSEX (“ <b>Reference Index</b> ”)	Fixed
Coupon Rate	Effective Coupon Amount per Debenture shall be paid by the Company to the Debenture Holders as interest on the Final Redemption Date or the Early Redemption Date i.e. (the date on which the Debentures are redeemed prior to the Final Redemption Date in terms of the Transaction Documents), as the case may be. The said ‘Effective Coupon Amount’ being the interest amount to be paid per Debenture by the Issuer to the Debenture Holders shall be determined in accordance with the method of calculation set out in <b>Schedule III (Method of</b>	13.75% (Thirteen-point Seven Five per cent) 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 in <b>Schedule II</b> against the heading ‘Coupon Payment Dates’.

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	<i>calculation of Effective Coupon Amount) hereto.</i>	
One-Time Interest	0.00% of issue size to be paid Upfront	0.35% of issue size to be paid Upfront
Coupon Payment Frequency	Bullet	Quarterly
Coupon Payment Dates	Coupon payment at the time of redemption	As Mentioned in Schedule II
Step-up Coupon	<p>In the event the Rating of the Debenture issued by the Issuer is downgraded below BBB- PP-MLD, the Effective Annualised Coupon Rate shall be increased by 0.5 % 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 interest, if any, of the Debentures.</p> <p>Provided that until the Debentures are rated, in the event the credit rating of the Issuer on terms loans of IVR BBB is downgraded, the Effective Annualised Coupon Rate shall be increased by 0.5 % 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 interest, if any, of the Debentures</p>	<p>In the event the Rating of the Debenture issued by the Issuer is downgraded below BBB-, the Effective Annualised Coupon Rate shall be increased by 0.5 % 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 interest, if any, of the Debentures.</p> <p>Provided that until the Debentures are rated, in the event the credit rating of the Issuer on terms loans of IVR BBB is downgraded, the Effective Annualised Coupon Rate shall be increased by 0.5 % 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 interest, if any, of the Debentures.</p>
Step-down Coupon	Not applicable.	
Default interest	5.00 % (Five-point Zero Zero percent)	
<b>CONVENTIONS</b>		
Day Count Basis	Not applicable.	
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 Chennai;	
Date Convention	(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	

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	<p>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 installment shall be made on the immediately preceding Business Day; and</p> <p>(c) If the Final Redemption Date or the Early Redemption Date (the date on which the Debentures are redeemed prior to the Final Redemption Date in terms of the Transaction Documents), 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>	
<p><b>THIRD PARTY OBLIGATIONS</b></p> <p><u>Nature of Obligation: Personal Guarantee of Mr. Ajeet Kumar Singh, Mr. Ajay Kumar Sinha and Mr. Pankaj Kumar</u></p> <p><u>Documents to be executed: Guarantee Deed</u></p>		
Guarantor(s)	<p>1. Mr. Ajeet Kumar Singh 2. Mr. Ajay Kumar Sinha 3. Mr. Pankaj Kumar</p>	
Credit Enhancer(s)	Not applicable.	
Other Obligor(s)	Not applicable	
<p><b>SECURITY CREATION</b></p>		
<p><b>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 Deed of Hypothecation and disclosed in the Offer Document/ Information Memorandum</b></p>	<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"> <li>To maintain the value of security at all times equal to 1.15 (One decimal point one five) time or 115% (One hundred and fifteen percent) the aggregate amount of principal</li> </ul>	<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"> <li>To maintain the value of security at all times equal to 1.20 (One decimal point one five) time or 120% (One hundred and twenty percent) the aggregate amount of principal</li> </ul>

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	<p>outstanding of the NCDs where at least 1.15 (One decimal point one five) time or 115% (One hundred and fifteen percent) of the security cover is from principal receivables (“<b>Security Cover</b>”) for period up to 30<sup>th</sup> September 2022;</p> <ul style="list-style-type: none"> <li>• To maintain the value of security at all times equal to 1.35 (One decimal point three five) time or 135% (One hundred and thirty five percent) the aggregate amount of principal outstanding of the NCDs where at least 1.35 (One decimal point three five) time or 135% (One hundred and thirty five percent) of the security cover is from principal receivables (“<b>Security Cover</b>”) for period from 1<sup>st</sup> October 2022 upto 30<sup>th</sup> September 2023;</li> <li>• To maintain the value of security at all times equal to 1.60 (One decimal point Six Zero) time or 160% (One hundred and Sixty percent) the aggregate amount of principal outstanding of the NCDs where at least 1.60 (One decimal point Six Zero) time or 160% (One hundred and Sixty percent) of the security cover is from principal receivables (“<b>Security Cover</b>”) for period from 1<sup>st</sup> October 2023 upto</li> </ul>	<p>outstanding of the NCDs where at least 1.20 (One decimal point two) time or 120% (One hundred and twenty percent) of the security cover is from principal receivables (“<b>Security Cover</b>”)</p> <ul style="list-style-type: none"> <li>• To create, register and perfect the security over the Hypothecated Receivables as contemplated above no later than 60 (Sixty) calendar days after the Deemed Date of Allotment by executing a duly stamped deed of hypothecation (“<b>Deed of Hypothecation</b>”) 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.</li> <li>• 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.</li> <li>• To pay a penal interest of 2.0% (Two Percent)</li> </ul>
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	<p>31<sup>st</sup> October 2024 [Final Redemption Date];</p> <ul style="list-style-type: none"> <li>To create, register and perfect the security over the Hypothecated Receivables as contemplated above no later than 60 (Sixty) calendar days after the Deemed Date of Allotment by executing a duly stamped deed of hypothecation ("<b>Deed of Hypothecation</b>") 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.</li> <li>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.</li> <li>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</li> </ul>	<p>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;</p> <ul style="list-style-type: none"> <li>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) ("<b>Monthly Hypothecated Asset Report</b>")</li> </ul> <p>To add fresh loan assets to the Security Cover to ensure that the value of the Hypothecated Receivables is equal to 1.20 (One decimal point two) times or 120% (One hundred and twenty percent) the aggregate amount of principal outstanding of the NCDs where at least 1.20 (One decimal point two) times or 120% (One hundred and twenty percent) of the security cover is from principal receivables.</p> <ul style="list-style-type: none"> <li>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.</li> </ul>
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	<p>Hypothecated Receivables;</p> <ul style="list-style-type: none"> <li>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) ("<b>Monthly Hypothecated Asset Report</b>")</li> </ul> <p>To add fresh loan assets to the Security Cover to ensure that the value of the Hypothecated Receivables is equal to 1.15 (One decimal point one five) times or 115% (One hundred and fifteen percent) the aggregate amount of principal outstanding of the NCDs where at least 1.15 (One decimal point one five) times or 115% (One hundred and fifteen percent) of the security cover is from principal receivables for period upto 30th September 2022.</p> <ul style="list-style-type: none"> <li>To add fresh loan assets to the Security Cover to ensure that the value of the Hypothecated Receivables is equal to 1.35 (One decimal point three five) time or 135% (One hundred and thirty five percent) the aggregate amount of principal outstanding of the NCDs where at least 1.35 (One decimal point three five) time or 135% (One hundred and thirty</li> </ul>	<p><u>Eligibility Criteria for the Hypothecated Receivables:</u></p> <ul style="list-style-type: none"> <li>the receivables are existing at the time of selection and have not been terminated or pre-paid;</li> <li>the receivables have not been restructured or rescheduled;</li> <li>all "Know Your Customer" norms have been complied with as prescribed by the Reserve Bank of India;</li> </ul>
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	<p>five percent) of the security cover is from principal receivables for period from 1<sup>st</sup> October 2022 upto 30<sup>th</sup> September 2023;</p> <ul style="list-style-type: none"> <li>• To add fresh loan assets to the Security Cover to ensure that the value of the Hypothecated Receivables is equal to 1.60 (One decimal point Six zero) time or 160% (One hundred and sixty percent) the aggregate amount of principal outstanding of the NCDs where at least 1.60 (One decimal point six zero) time or 160% (One hundred and sixty percent) of the security cover is from principal receivables for period from 1<sup>st</sup> October 2023 upto 31<sup>st</sup> October 2024 [Date of Redemption].</li> <li>• 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.</li> </ul> <p><u>Eligibility Criteria for the Hypothecated Receivables:</u></p> <ul style="list-style-type: none"> <li>• the receivables are existing at the time of selection and have not been terminated or pre-paid;</li> </ul>	
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	<ul style="list-style-type: none"> <li>the receivables have not been restructured or rescheduled;</li> <li>all "Know Your Customer" norms have been complied with as prescribed by the Reserve Bank of India;</li> </ul>	
<b>Pledge</b>	None.	
<b>Mortgage</b>	None.	
<b>OTHER COVENANTS</b>		
<b>Debenture Redemption Reserve</b>	If so applicable for the Issue, the Issuer shall create debenture redemption reserve in accordance with the Companies Act, 2013 (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 <sup>st</sup> day of March of the next year by way of investment and deposits in specified securities on or before the 30 <sup>th</sup> day of April in each year.	
<b>Related Party Transactions</b>	Issuer shall not enter into any transaction(s) with a related party without the prior written consent of the Debenture Trustee except for payout or payin of reimbursements not exceeding 1% of networth during any financial year, raising debt and repaying obligations towards it, raising equity or taking guarantee from the promoter company, Save Solutions Private Limited.	
<b>Affirmative Covenants</b>	<ul style="list-style-type: none"> <li>(a) To utilise the proceeds of this issue in accordance with applicable laws and regulations</li> <li>(b) To ensure that at least 1 Independent Director is on the Board of the Company within 15 months from the date of issuance</li> <li>(c) To promptly inform notice of winding up / other legal proceedings</li> <li>(d) To promptly inform Material Adverse Effect</li> <li>(e) To provide the Debenture Holders with access to data / information / meetings with the management team for periodical portfolio monitoring</li> <li>(f) To comply with corporate governance, fair practices code prescribed by RBI</li> </ul> <p>And as set out in greater detail in the Debenture Trust Deed</p>	
<b>Negative Covenants</b>	<p>The Issuer shall take the prior written permission from the Investor / Debenture Trustee for the following:</p> <ul style="list-style-type: none"> <li>(a) Change in promoter, majority ownership or control (as defined under the under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011);</li> <li>(b) In case the company ceases to remain a wholly owned subsidiary of Save Solutions Private Limited</li> </ul>	

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	<p>(c) Any dilution of stake of the key shareholders of the Save Solutions Private Limited/Holding Company as defined below:</p> <table border="1" data-bbox="678 349 1353 521"> <thead> <tr> <th>Key Shareholders</th> <th>Fully diluted stake</th> </tr> </thead> <tbody> <tr> <td>Mr. Ajeet Kumar Singh</td> <td>20.48%</td> </tr> <tr> <td>Mr. Ajay Kumar Sinha</td> <td>20.48%</td> </tr> <tr> <td>Mr. Pankaj Kumar</td> <td>20.48%</td> </tr> </tbody> </table> <p>(d) Any dilution of control over Board composition, other than appointment of independent directors or Nominee Director</p> <p>(e) Mergers, acquisitions, investment in associates, JVs and subsidiaries including disposal of any of the above</p> <p>(f) Change in nature of business of the Company</p> <p>(g) Change in constitutional documents, in a manner which would prejudicially affect the interests of the Debenture Holder(s). except changedue to increase in authorised share capital of the company</p> <p>(h) Loans exceeding 10% of Net-Worth to any single party and/or guarantees on behalf of third parties</p> <p>(i) Declare dividend on equity/preference shares before payment of coupon due on the NCDs when an Event of Default is subsisting</p> <p>(j) Change in statutory auditors, unless required by applicable law</p> <p>(k) Material compromise or settlement</p> <p>And as set out in greater detail in the Debenture Trust Deed</p>	Key Shareholders	Fully diluted stake	Mr. Ajeet Kumar Singh	20.48%	Mr. Ajay Kumar Sinha	20.48%	Mr. Pankaj Kumar	20.48%
Key Shareholders	Fully diluted stake								
Mr. Ajeet Kumar Singh	20.48%								
Mr. Ajay Kumar Sinha	20.48%								
Mr. Pankaj Kumar	20.48%								
<p><b>Events of Default</b></p>	<p>(a) Non-payment of any of the dues under this term sheet</p> <p>(b) Default in compliance with financial covenants</p> <p>(c) Default in compliance with non-financial covenants</p> <p>(d) Default or trigger of event of default on any other indebtedness (cross default)</p> <p>(e) Misrepresentation or misleading information in any of the Transaction Documents</p> <p>(f) Insolvency, winding up, liquidation</p> <p>(g) Creditors' processes initiated against the company</p> <p>(h) Repudiation of Transactions Documents</p> <p>(i) Cessation of business</p> <p>(j) The rating of any instrument rated from any of the external rating agency gets downgraded to a rating of B or below</p> <p>(k) Erosion of 50% or more of the Company's net worth as compare to previous financial year</p> <p>And as set out in greater detail in the Debenture Trust Deed</p>								
<p><b>Reporting Covenants</b></p>	<p>(a) <b>QUARTERLY REPORTS</b> -within 45 (Forty five) calendar days after the end of each calendar quarter:</p>								

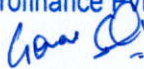
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	<p>(i) Information on financials, operations, portfolio growth &amp; asset quality (static portfolio cuts, collection efficiency and PAR), funding in formats agreeable to the Investor</p> <p>(ii) Information on financials and shareholding details of the parent company, Save Solutions Private Limited</p> <p>(iii) List of Board of Directors</p> <p>(iv) Shareholding Pattern</p> <p>(v) Financial covenant compliance certificate issued by management</p> <p>(vi) Information on:</p> <ul style="list-style-type: none"> <li>• New products introduced, or change in existing product features</li> <li>• New business correspondent relationships or discontinuance of existing relationships</li> <li>• Geographical expansion to any new state</li> <li>• Material changes to the IT / MIS systems</li> <li>• Change in credit bureaus used</li> <li>• Revision in the Business Plan</li> <li>• Changes in the Accounting Policy</li> <li>• Any fraud amounting to more than 1% of GLP</li> </ul> <p><b>(b) ANNUAL REPORTS</b> – within 120 days after the end of each fiscal year</p> <p>(i) Audited financials for Save Microfinance Private Limited</p> <p>(ii) Audited financials for Save Solutions Private Limited</p> <p>(iii) A certificate from the Director/CFO confirming that there is no Event of Default;</p> <p>(iv) Copy of all annual information submitted to the RBI; and</p> <p>(v) Corporate social responsibility report (if applicable).</p> <p><b>(c) EVENT BASED REPORTS</b> – within 5 business days after event occurring</p> <p>(i) Change in the shareholding structure</p> <p>(ii) Change in the Senior Management officials (Chief Executive Officer, Chief Financial Officer, Chief Operating Officer or Chief Risk Officer)</p> <p>(iii) Change in statutory auditors</p> <p>(iv) Board approval of annual business plan</p> <p>(v) Material change in the Constitutional Documents of the Company;</p> <p>(vi) Material Adverse Effect.</p> <p>(vii) Any dispute, litigation, investigation or other proceeding for an amount excess of INR 5 Crore and which could result in a Material Adverse Effect.</p> <p>(viii) Winding up proceedings</p>
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	<p>(ix) Any Event of Default or Potential Default, and any steps taken / proposed to remedy the same</p> <p>(x) Any prepayment or notice of any prepayment of any Indebtedness of the Issuer.</p>
<p><b>Financial Covenants</b></p>	<p>(a) Tier 1 Capital Ratio (Tier 1 Capital / Risk Weighted Assets) of &gt;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 &gt;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"> <li>i. 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.</li> <li>ii. 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.</li> <li>iii. Investments made by the Company in share capital shall be reduced from Tier I Capital and Tier II Capital.</li> </ol> <p>(c) Maintain a ratio of A:B not greater than 5% where A is PAR-90 and trailing twelve months write-offs (on the Issuer's entire portfolio including receivables sold or discounted on a non-recourse basis) and B is the Gross Loan Portfolio</p> <p>(d) maintain a ratio of A:B less than 20% where A is PAR-90 on the Gross Loan Portfolio</p> <p>(e) Ratio of Gross Loan Portfolio to Tangible Net worth not to exceed 7 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 style="text-align: center;"><b>"Gross Loan Portfolio" shall include on balance sheet and off-balance sheet portfolio</b></p>

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	<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> <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>
<p>Transaction documents</p> <p>For Save Microfinance Pvt. Ltd.  Authorised Signatory</p>	<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 there under;</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.
Other Costs & Conditions	The Issuer shall bear the costs and expenses incurred in connection with the transactions contemplated hereby including stamp duty 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.
Governing Law and Jurisdiction	Indian Law with jurisdiction of the courts and tribunals of Chennai.
Waiver	Delay or omission by investor or debenture trustee in exercising any rights or remedies upon any breach of any covenant, shall not impair any rights, power or remedies available to investor or debenture trustee for any present and continuing or future breaches of any covenants.
Indemnification	The Company will indemnify and hold harmless the Debenture Holder(s) from and against any claim, liability, demand, loss, damage, judgment or other obligation or right of action which may arise as a result of a breach of this Term Sheet by the Company.
Confidentiality	The parties (i.e. Investors, Debenture Trustee and all such parties who gets to view this term sheet, for whatever reason) undertake to keep confidential all information with respect to this agreement/sanction and the same shall not be disclosed to any person other than its officers, directors, employees, accountants, attorneys and other advisors, and the information shall be shared only on a "need to know" and "confidential" basis and such disclosure shall be solely for the permitted purpose or if required under applicable law. The parties shall further ensure that all confidential information including unpublished price sensitive information arising out of this agreement or transactions contemplated herein shall be identified and its confidentiality shall be maintained as per the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended or replaced from time to time.
Risk Factors associated with Market Linked Debentures	<p>The securities are created on the basis of complex mathematical models involving multiple derivative exposures which may or may not be hedged and the actual behavior of the securities selected for hedging may significantly differ from the returns predicted by the mathematical models.</p> <p>The principal amount is subject to the credit risk of the Issuer whereby the investor may or may not recover all or part of the funds in case of default by the Issuer.</p>

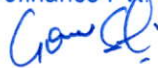
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Transaction Costs	The Issuer shall bear all transaction related costs incurred by the Investor with respect to valuers and auditors / consultants. Such costs include: 1. Trustee fees  Stamping and registration in relation to creation of Security and all Definitive Agreements.
Taxes duties cost and expenses	Relevant taxes, duties and levies are to be borne by the Company.

For Save Microfinance Pvt. Ltd.



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**Schedule I - Series A**

**Redemption Schedule**

Redemption Installments	Redemption Date	Amount to be redeemed per Debenture (in INR)
1	31 <sup>st</sup> October 2024	10,00,000/-

**Schedule II – Series B**

**Redemption Schedule**

Redemption Installments	Redemption Date	Amount to be redeemed per Debenture (in INR)
1	30 <sup>th</sup> September 2024	10,00,000/-

For Save Microfinance Pvt. Ltd.



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Schedule III


Method of calculation of Effective Coupon Amount

<b>Effective Coupon Amount</b>	$Face\ Value * [(1 + Effective\ Annualized\ Coupon\ Rate)^{(Tenor\ in\ Days/365)} - 1]$								
<b>Effective Annualized Coupon Rate</b>	<p>Based on 'Reference Index Performance', corresponding 'Effective Annualized Coupon Rate' function will be applicable</p> <table border="1"> <thead> <tr> <th>Reference Index Performance</th> <th>'Effective Annualized Coupon Rate' function</th> </tr> </thead> <tbody> <tr> <td>&lt;= -75%</td> <td>0%</td> </tr> <tr> <td>&gt; -75% but &lt;= 58.91%</td> <td>Max (15.00% XIRR, Annualized Coupon Rate)</td> </tr> <tr> <td>&gt; 58.91%</td> <td>15.20% XIRR*</td> </tr> </tbody> </table> <p>(*15.20% XIRR is thus a ceiling and translates into a comparable coupon rate of 14.23% per annum when the coupon is paid out on a monthly basis. Please refer 'Scenario Analysis' section of the term sheet for further details)</p>	Reference Index Performance	'Effective Annualized Coupon Rate' function	<= -75%	0%	> -75% but <= 58.91%	Max (15.00% XIRR, Annualized Coupon Rate)	> 58.91%	15.20% XIRR*
Reference Index Performance	'Effective Annualized Coupon Rate' function								
<= -75%	0%								
> -75% but <= 58.91%	Max (15.00% XIRR, Annualized Coupon Rate)								
> 58.91%	15.20% XIRR*								
<b>Annualized Coupon Rate</b>	$[(\frac{Face\ Value + Coupon\ Amount}{Face\ Value})^{\frac{1}{Tenor\ in\ Days/365}}] - 1$								
<b>Coupon Amount</b>	$Face\ Value * \{ [(1.1510)^{\frac{Tenor\ in\ Days}{365}} + (Participation\ Ratio * Reference\ Index\ Performance)] - 1 \}$								
<b>Face Value</b>	INR 10,00,000 (Rupees Ten Lakh only) per Debenture								
<b>Tenor In Days</b>	1140 Days from Deemed Date of Allotment**  **In the case of an Early Redemption, Tenor in Days will be number of days between the Deemed Date of Allotment and Early Redemption Date								
<b>Participation Ratio</b>	0.75%								
<b>Reference Index</b>	BSE SENSEX								
<b>Reference Index Performance</b>	$(\frac{Final\ Fixing\ Level}{Initial\ Fixing\ Level}) - 1$								
<b>Initial Fixing Level</b>	Official closing level of the Reference Index as on Initial Fixing Date								
<b>Initial Fixing Date</b>	Deemed Date of Allotment								

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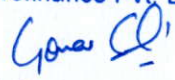
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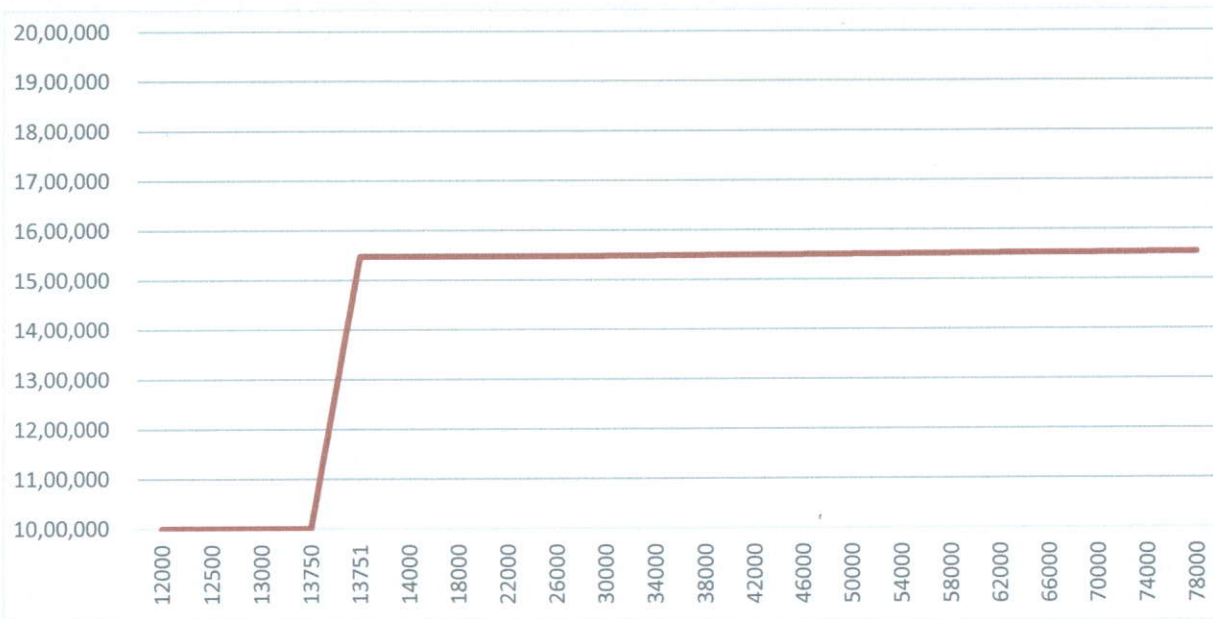
<b>Final Fixing Level</b>	Simple Average of the official closing level of the Reference Index on the Observation Dates.																														
<b>Observation Dates</b>	<p>The Deemed Date of Allotment (DDA) and the subsequent Reference Index futures expiry date in the months of March, June, September &amp; December falling over life of the instrument. The same are expected to be as below***:</p> <table border="1"> <thead> <tr> <th>Observation Date No.</th> <th>Observation Date</th> </tr> </thead> <tbody> <tr><td>1</td><td>17 September 2021</td></tr> <tr><td>2</td><td>30 September 2021</td></tr> <tr><td>3</td><td>30 December 2021</td></tr> <tr><td>4</td><td>31 March 2022</td></tr> <tr><td>5</td><td>30 June 2022</td></tr> <tr><td>6</td><td>29 September 2022</td></tr> <tr><td>7</td><td>29 December 2022</td></tr> <tr><td>8</td><td>30 March 2023</td></tr> <tr><td>9</td><td>29 June 2023</td></tr> <tr><td>10</td><td>28 September 2023</td></tr> <tr><td>11</td><td>28 December 2023</td></tr> <tr><td>12</td><td>28 March 2024</td></tr> <tr><td>13</td><td>27 June 2024</td></tr> <tr><td>14</td><td>26 September 2024</td></tr> </tbody> </table> <p>In the event the Debentures are to be redeemed on Early Redemption Date, the final Observation Date for calculating the Coupon Amount, if any, will be 15 business days from the date on which the Debenture Trustee receives the Early Redemption Notice.</p> <p><i>***Provided that, if any such date except the DDA is not a scheduled Reference Index futures expiry date, then the Reference Index futures expiry date as notified by the Bombay Stock Exchange for that month will be considered as the observation date.</i></p> <p>For Save Microfinance Pvt. Ltd.              Authorised Signatory</p>	Observation Date No.	Observation Date	1	17 September 2021	2	30 September 2021	3	30 December 2021	4	31 March 2022	5	30 June 2022	6	29 September 2022	7	29 December 2022	8	30 March 2023	9	29 June 2023	10	28 September 2023	11	28 December 2023	12	28 March 2024	13	27 June 2024	14	26 September 2024
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14	26 September 2024																														

Scenario Analysis					
Scenario Analysis: Tabular Representations					
Falling Scenario					
Initial Level	Final Level	Performance	Ann. Coupon Rate (XIRR)	Comparable Monthly Coupon Rate	Redemption at Face Value plus Coupon Amt.
55000	8250	-85.0%	0.00%	0.00%	10,00,000
55000	13750	-75.0%	0.00%	0.00%	10,00,000
55000	19250	-65.0%	15.00%	14.06%	15,47,308
Stable Scenario					
Initial Level	Final Level	Performance	Ann. Coupon Rate (XIRR)	Comparable Monthly Coupon Rate	Redemption at Face Value plus Coupon Amt.
55000	49500	-10.0%	15.08%	14.13%	15,50,764
55000	55000	0.0%	15.10%	14.15%	15,51,514
55000	60500	10.0%	15.12%	14.16%	15,52,264
55000	71500	30.0%	15.15%	14.19%	15,53,764
Rising Scenario					
Initial Level	Final Level	Performance	Ann. Coupon Rate (XIRR)	Comparable Monthly Coupon Rate	Redemption at Face Value plus Coupon Amt.
55000	77000	40.0%	15.17%	14.21%	15,54,514
55000	82500	50.0%	15.19%	14.22%	15,55,264
55000	88000	60.0%	15.20%	14.23%	15,55,728

Note: This scenario analysis is being provided for illustrative purposes only. It does not represent all possible outcomes

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**Scenario Analysis: Graphical Representation of Effective Coupon Amount vs Final SENSEX Levels**



Note: This scenario analysis assumes initial SENSEX Level as 55,000 and is being provided for illustrative purposes only. It does not represent all possible outcomes

For Save Microfinance Pvt. Ltd.

*Ganesh S.*  
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**Schedule IV (If Put not exercised)**

Cash Flow date	Investment	Repayment	Cash Flow
29-10-2021	<b>5,00,00,000</b>		
31-12-2021			11,94,113
31-03-2022			17,14,414
30-06-2022			17,33,699
30-09-2022			17,52,970
31-12-2022			17,52,970
31-03-2023			17,14,414
30-06-2023			17,33,699
30-09-2023			17,52,970
31-12-2023			17,52,970
31-03-2024			17,28,902
30-06-2024			17,28,910
30-09-2024		<b>5,00,00,000</b>	5,17,48,126

**Schedule IV (if Put is exercised)**

Cash Flow date	Investment	Repayment	Cash Flow
29-10-2021	<b>5,00,00,000</b>		
31-12-2021			11,94,113
31-03-2022			17,14,414
30-06-2022			17,33,699
30-09-2022			17,52,970
31-12-2022			17,52,970
31-03-2023			17,14,414
30-06-2023			17,33,699
17-09-2023		<b>5,00,00,000</b>	5,15,02,355

For Save Microfinance Pvt. Ltd.



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This indicative term sheet is not a commitment or agreement to lend or provide financing to SAVE. Please note that it only summarizes some of the terms and conditions which may be reflected in final documentation and that nothing herein obligates the Subscriber or its affiliates to provide, arrange or syndicate any credit or other financing in favour of the Issuer or its affiliates. Pricing in the term sheet is based on the credit markets as of today, and on the current evaluation we have of your institution. The final offer will be subject to the necessary internal approvals, including credit approvals, and market conditions at the time of disbursement. As a result of these, actual terms at the time of closing may differ from those indicated herein.

This indicative term sheet is for the confidential use of SAVE only and is not to be reproduced, used for any other purpose, nor disseminated to any other parties without the prior written consent of the Fund Manager. Should you wish to proceed, please kindly confirm to allow us to start cooperating with you on related documentation to best meet your funding needs.

We look forward to collaborating with you

Yours sincerely,

Ravi Vukkadala  
CEO, Northern Arc Investments

For Save Microfinance Pvt. Ltd.



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**COMMITMENT TO PURSUE ISSUANCE OF MLD's & NCD's to Northern Arc Income Builder Fund (Series II)**

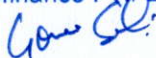
Save Microfinance Private Limited acknowledges the receipt of the Indicative Term Sheet sent by Northern Arc Investments and agrees to pursue, in good faith, the MLD & NCD issuance for subscription in the name of **Northern Arc Income Builder Fund (Series II)**.

Signed: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

For Save Microfinance Pvt. Ltd.



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**Schedule-V**

**ESG Declaration**

The Issuer shall not permit any of the Debenture proceeds to be used to fund any activity, production, distribution, business or trade involving any of the following:

1. Forced labor<sup>[1]</sup> or child labor.<sup>[2]</sup>
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,<sup>1</sup> pesticides, and herbicides,<sup>2</sup> ozone depleting substances,<sup>3</sup> PCBs (Polychlorinated Biphenyls),<sup>4</sup> or
  - (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<sup>[3]</sup> of High Conservation Value areas.<sup>[4]</sup>
5. Pornography and/or prostitution.
6. Racist and/or anti-democratic media.
7. Weapons and munitions, including paramilitary materials.
8. Alcoholic beverages (excluding beer and wine).<sup>5</sup>
9. Tobacco.<sup>5</sup>
10. Gambling, casinos and equivalent enterprises.<sup>5</sup>

<sup>[1]</sup> 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

<sup>[2]</sup> 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

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

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

<sup>3</sup> 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>.

<sup>4</sup> 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.

<sup>[3]</sup> 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

<sup>[4]</sup> 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>)

<sup>5</sup> 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.

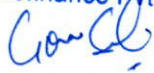
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11. Radioactive materials<sup>6</sup> including nuclear reactors and components thereof or unbonded asbestos fibers.<sup>7</sup>
12. Hazardous chemicals,<sup>8</sup> or commercial scale usage of hazardous chemicals (hazardous chemicals include gasoline, 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.

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<sup>6</sup> 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.

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

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

*This document does not constitute an offer, or an invitation to offer, or a recommendation to enter into any transaction. We have sent you this document in our capacity as a potential counterparty acting at arm's length. We are not acting as your financial adviser or in a fiduciary capacity in respect of this proposed transaction or any other transaction with you unless otherwise expressly agreed by us in writing. Before entering into any transaction you should take steps to ensure that you understand the transaction and have made an independent assessment of the appropriateness of the transaction in the light of your own objectives and circumstances, including the possible risks and benefits of entering into such transaction. You should also consider seeking advice from your own advisers in making this assessment.*