

AAV Sarl

RGVN

Indicative Term Sheet

17 July 2017

This Indicative Term Sheet is a summary of the principal terms and conditions in relation to non-convertible debentures. It is understood between parties that the Issuer of the NCD will receive legal advice from a law firm in relation to the NCD transaction documents. Certain terms and conditions of the NCD that are relevant for the listing of the NCD may not be included in this Term-Sheet.

This document does not constitute a legally binding agreement or offer under any applicable law.

1. Instrument	Non-Convertible Debentures ("NCD")
2. Issuer	RGVN (North East) Microfinance Ltd ("RGVN")
3. Purchaser	AAV Sarl (Luxembourg), through its Indian custodian Deutsche Bank AG, Mumbai branch
4. Servicer	Symbiotics SA
5. Principal Amount	INR equivalent amount of up to USD 9,000,000 <i>The INR equivalent amount will be determined approximately 10 business days prior to Deemed Date of Allotment</i>
6. Maturity Date	3 years after Issue Date
7. Issue Date (Deemed Date of Allotment)	End of July / early August 2017 (date to be agreed)
8. Issue Price	100.0%
9. Coupon	11.00 p.a., fixed. Day Count Fraction: ACT/ACT The Coupon is gross of Indian withholding tax of 5%. If the Indian withholding tax is modified and increased above 5% (the "WHT Increase"), the Issuer shall – starting on the date when such WHT Increase becomes effective, and for as long as such WHT Increase remains effective – pay an additional amount corresponding to the shortfall,

For, RGVN (NE) Microfinance Ltd.

Managing Director

	<p>which the debenture holder would have incurred as a consequence of the WHT increase had the Issuer not paid such additional amount, so that the debenture holder receives an amount equal to the sum it would have received had the WHT increase not occurred.</p> <p>If the Indian withholding tax is modified and decreased below 5% (the "WHT Decrease"), the Issuer shall – starting on the date when such WHT Decrease becomes effective, and for as long as such WHT Decrease remains effective – deduct an amount corresponding to the excess amount, which the debenture holder would have received as a consequence of the WHT Decrease, so that the debenture holder receives an amount equal to the sum it would have received had the WHT Decrease not occurred.</p>
10. Coupon Payment Dates	<p>Semi-annually, on 17 February and 17 August, starting on 17 February 2018, as well as on Maturity Date.</p> <p>In relation to each Coupon Payment Date and in relation to each date when any other payment is due by the Issuer under the NCD (each, a "Relevant Payment Date"), the Issuer undertakes to send a scan of such duly completed and signed Form 15 CA/CB shall be sent to the Purchaser on the Relevant Payment Date by e-mail.</p>
11. Principal Redemption	Maturity Date: 100% of the outstanding principal amount
12. Use of Proceeds	On lending to microfinance clients.
13. Up-Front Fee	<p>An up-front fee equal to 1% of the Principal Amount will be payable by the Issuer of the NCD to the Purchaser of the NCD on or about the Issue Date. This up-front fee will need to be grossed-up, so that Purchaser receives full amount.</p> <p>All costs relating to the issuance of the NCDs (legal advice, financial advice, rating, etc) will have to be met by the Issuer of the NCD.</p> <p>[Note: This fee will be evidenced by a fee letter, and will not be a term of the NCD]</p>
14. Listing	Not applicable.
15. Ranking	Obligations by the Issuer under the NCD shall rank pari passu with all other senior obligations of the Issuer.
16. Security	The obligations of the Issuer under the NCD will be secured

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	<p>by a hypothecation of loans (and other assets), whereas the cumulative amount of all assets subject to the hypothecation shall be, at any time, not less than [100%] of the outstanding amounts under the NCD.</p> <p>Eligibility criteria in relation to assets that form part of the hypothecation, at time of inclusion:</p> <ul style="list-style-type: none"> - Must be a loan receivable, [cash deposit, or money market funds] - In case of a loan, no arrears must have occurred in relation to such loan - Maximum notional amount of loan of not more than 1% of total on-balance outstanding portfolio <p>Issuer shall create the security (deed of hypothecation) on Deemed Date of Allotment. Issuer shall perfect the security (hypothecation) by making the required filings no later than [30] calendar days after Deemed Date of Allotment.</p> <p>Issuer shall report, on a monthly basis, of the specific assets which are subject to the hypothecation.</p>
<p>17. Early Redemption</p>	<p>Early redemption is possible subject to the prior written approval of the Purchaser of the NCD (on any Coupon Payment Date, but not on any other date), subject to a prepayment penalty of 2% of outstanding principal amount.</p> <p>The prepaid principal amount must be of not less than INR 60,000,000.</p>
<p>18. Conditions precedent to NCD purchase</p>	<ul style="list-style-type: none"> - No event or potential event of default - Compliance with all representations and warranties - All governmental and third party approvals or consents - Satisfactory due diligence and internal credit scoring by the Servicer - Successful refinancing by the Purchaser of NCD - Execution of all relevant transaction documents - Satisfactory independent legal opinion regarding enforceability and capacity of Issuer of NCD - All financial documentation and reporting as reasonably requested by the Servicer - A rating shall have been assigned to the NCD of not less than [] by [].
<p>19. Events of Default</p>	<p>Upon an event of default, the NCD can (at the discretion of the Purchaser of the NCD) be declared immediately repayable.</p> <p>The Events of Default include:</p> <ul style="list-style-type: none"> - Failure to Pay

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	<ul style="list-style-type: none"> - Breach of Covenant - Misrepresentation - Breach of Agreement - Cross-Default - Material Adverse Change - Liquidation / Bankruptcy - Creditor's Process / Court judgment - Unlawfulness - Repudiation
20. Financial covenants	<p>The Issuer will at all times maintain:</p> <ul style="list-style-type: none"> - Ratio of outstanding amount of this NCD to total assets of not more than [10%]; - Capital Adequacy ratio of not less than [15%] - Ratio of total debt to total equity of not higher than [7] - Uncovered Capital Ratio below [15%] (defined as the PAR>90days + restructured portfolio minus loan loss provisions divided by Equity). - Less than [5%] of its liabilities and assets in non INR denominated currency - Ratio of outstanding off-balance sheet portfolio (including asset securitization) to total assets less than [40%]
21. Negative covenants	<p>The Issuer will not, without prior written consent of the Purchaser</p> <ul style="list-style-type: none"> - Change its business such that it no longer remains an NBFC-MFI - Undertake any merger, consolidation or reorganization - Enter into a single transaction or a series of transactions (whether related or not) to sell, lease, transfer or otherwise dispose of all or substantially all of its assets, other than asset securitizations
22. Representations	Standard representations for NCD will apply.
23. Reporting covenants	<p>The Issuer shall provide:</p> <ol style="list-style-type: none"> 1. Reporting documentation and due diligence requirements prior to closing and on annual basis as required by the Servicer, including <ol style="list-style-type: none"> a. Legal and operational documents/information <ul style="list-style-type: none"> - Constitutional documents (Articles of Association or bylaws) - Functioning documents (registration, license, etc.) - Shareholding structure - List of board of directors - List of management team including CVs and organizational chart

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Managing Director

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	<ul style="list-style-type: none">- Any other legal or operational document or information as Symbiotics Research & Advisory may reasonably request. <p>b. Financial documents/information</p> <ul style="list-style-type: none">- Audited accounts of the last 4 years- Latest business plan and financial projections- Detailed list of sources of funding- Third party rating or external evaluation, if existing- Financial position reports on the last three years to be posted on the Symbiotics online reporting platform at the address http://www.syminvest.com.- Monthly financial position reports for the last three month of the current year to be posted on Symbiotics online reporting platform at the address https://my.syminvest.com/login <p>2. Monthly reporting requirements</p> <p>Monthly reports to be posted on Symbiotics online reporting platform at the address https://my.syminvest.com/login no later than 20 days after the close of each month.</p>
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For, RGVN (NE) Microfinance Ltd.

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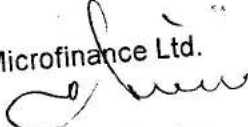
Terms applicable to Small Finance Bank conversion

We understand that the Issuer intends to convert to a Small Finance Bank (SFB), by means of transferring a substantial part of its assets and operations to a newly established, fully owned subsidiary (the "SFB Subsidiary"), which holds an SFB license.

In this context, we understand that the Issuer will, shortly after Issue Date, request to novate the NCDs to the SFB Subsidiary (the "Novation Agreement").

In order for the Purchaser to consent to the Novation Arrangement, it will be required – inter alia – that:

- The Novation Agreement shall be substantially similar to the agreed draft of the novation agreement in relation to the NCDs dated 15 July 2015; and
- RGVN shall confirm that it has not yet (prior to the issuance of this NCD) agreed with RBI on the final capital allocation in relation to grandfathered NCDs; and
- RGVN shall subsequent to the issuance of this NCD provide a copy of the letter which RGVN will send to RBI, which will contain the details of this NCD in view of determining the capital charge applicable to this NCD.

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Managing Director