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**Aye Finance Private Limited**  
8<sup>th</sup> Floor, Vipul Square, Block-B  
Sushant Lok Phase I, Gurugram,  
Haryana, India - 122009

Mumbai, 31 May 2019

## Indicative Term Sheet

Dear Mr. Sanjay Sharma,

We are pleased to make available to Aye Finance Private Limited, the following indicative non-binding term sheet with details as follows:

Issuer:	Aye Finance Private Limited ("Aye")
Debenture Holder:	One or more funds advised by responsAbility Investments AG ("responsAbility") with support in the region from its sub-advisor, responsAbility India Business Advisors Pvt Ltd ("responsAbility India") and via an affiliate vehicle.
Amount:	INR 35 crore
Disbursement:	June 2019
Type:	Non-Convertible Debentures ('NCD')
Maturity:	72 months (see <i>Coupon Reset Date which is every 36 months from the Deemed Date of Allotment</i> )
Coupon Rate:	Coupon rate will be <b>13.0% p.a.</b> , gross of withholding tax (INR fixed), and payable semi-annually from the Deemed Date of Allotment until the Coupon Reset Date. The debenture trust will include language to protect the Lender against increase in the withholding tax rate and applicable surcharge.  The rate is subject to maximum hedging costs of 4.50% at the time of disbursement.  The rate is also subject to changes in the tax environment, interest rate environment as well as the USD/INR hedging cost. The coupon rates may be changed, in negotiation with the institution, in case there is a change in market conditions.
Coupon Rate Reset	The Coupon Rate will be reset on the Coupon Reset Date as per

Mechanism	<p>the coupon rate reset mechanism. The Trustee shall consult all Debenture holders for ascertaining the new Coupon Rate applicable, and the decision so reached for fixing the Coupon Rate is to be acceptable to and has to be approved by the majority Debenture holders, at least 12 (twelve) business days prior to the Coupon Reset Date.</p> <p>The Trustee shall communicate the new Coupon Rate, so determined, to the Issuer at least 11 (eleven) business days before the Coupon Reset Date.</p> <p>Without prejudice to the foregoing, the Majority Debenture Holders reserve the right to further amend the Coupon Rate and communicate the same via a written notice to the Company, with a copy marked to the Debenture Trustee, at any time on or before 5 (five) Business Days prior to the Coupon Reset Date.</p>
Additional fees:	<p><i>Arranger fee: as agreed with the arranger, if there is an arranger to the issue</i></p> <p>These fees do not include rating, listing, legal, trustee, stamp duty and other costs associated with the NCD issuance that shall be borne by the Issuer.</p>
Call/ Put Option	Both Debenture holder and Issuer hold the option to call / put the NCD at the end of every 36 months from the date of allotment, until maturity. The decision to exercise the put or call option will be reached independently by either party, and shall be communicated no later than 4 (four) business days prior to the Coupon Reset Date.
Interest payments:	Payable semi-annually in arrears
Repayment type:	25% of principal at the end of month 24 75% of principal at maturity
Covenants:	<ul style="list-style-type: none"><li><b>Capital Adequacy:</b> The Issuer shall maintain a ratio of Regulatory Capital divided by Risk Weighted Assets of whichever is higher: a) twenty percent (20%) or b) the minimum ratio imposed on the Issuer according to the Local Requirements increased by 0.5%.</li><li><b>Open Currency Position:</b> The Issuer shall maintain a ratio of Foreign-Currency Assets minus Foreign-Currency Liabilities divided by Regulatory Capital comprised between 150% and -50%.</li><li><b>Portfolio Quality 90 days:</b> The Issuer's [(Portfolio at Risk 90 days + Refinanced, restructured, rescheduled loans + Write-off previous 12 months) / Gross Loan Portfolio] shall be less than or equal to 6%.</li></ul>

**- Open Loan Position:** The Issuer shall maintain an Open Loan Position of Ninety (90) Days, defined as [(Portfolio at Risk more than 90 days + Refinanced, restructured, rescheduled loans – Loan loss reserve) / Regulatory Capital)] less than or equal to 20%.

Security	The NCDs would be secured by the creation of a first ranking exclusive charge on the loan receivables with a cover of 1.1X of the principal amount on the terms and conditions as may be agreed with the Debenture Trustee and as defined in the Debenture Trust Deed and the relevant security creation documents.
No Prepayment	An early redemption of the Debentures can only be pursuant to the applicable RBI regulations and subject to the prior written consent of the Majority Debenture Holder(s). The Majority Debenture Holder(s) at its sole discretion may permit an early redemption, under the condition that the Company shall hold the Debenture Holder(s) harmless from all costs, expenses, losses or liability incurred due to the prepayment.
Governing law / Jurisdiction regarding investment:	The NCDs and documentation will be governed by and construed in accordance with the laws of India and the parties submit to the exclusive jurisdiction in Mumbai.
Listing	The NCDs would be listed on the Bombay Stock Exchange.

Prior to the Coupon Reset Date and decision to exercise the option, Aye's financial and operational standing may be assessed. The final decision on both aspects will be subject to approval by the Investment Committee representing the funds of responsAbility.

This term sheet is addressed solely to Aye and is for information purposes only. It does not constitute any commitment by responsAbility or responsAbility India nor the proposed Debenture holders to enter into any commercial or legal obligations whatsoever towards Aye at this stage. In addition, any of the above-mentioned financing conditions remain indicative and may be revised by the Investment Committee of responsAbility, acting at its absolute discretion. In particular, the interest rate indicated is subject, *inter alia*, to changes in hedging costs.

Please further note that responsAbility India is the sub-advisor of responsAbility, and responsAbility is the investment advisor of responsAbility Micro and SME Finance Fund / responsAbility SICAV (Lux). The terms and conditions will be subject to input and modification from the credit risk department of responsAbility and final decision regarding the investment will be made by responsAbility Micro and SME Finance Fund / responsAbility SICAV (Lux) itself.

Sincerely yours,

For responsAbility India



Ms. Celine Georges-Picot  
Head of Debt Financing – Asia Pacific  
31.05.2019



Mr. Jaskirat S Chadha  
Principal  
31.05.2019