

Northern Arc Pooled Bond Issuance XXI – Terms of the Transaction

The terms set out in this indicative term sheet do not constitute an offer or commitment by CDC to purchase Debentures. The purchase of Debentures by CDC is subject to due diligence, credit committee approval and satisfactory documentation.

This indicative term sheet is not legally binding. Northern Arc and CDC reserve the right to modify any of the indicative terms and conditions contained herein.

This indicative term sheet is confidential and may not be released to, or relied upon by, third parties without express written authorization from Northern Arc and CDC.

KEY TERMS									
Issuers	Asirvad Microfinance Limited ("Asirvad")								
Issuance size	<table border="1" style="width: 100%;"> <thead> <tr> <th style="width: 25%;">Issuer</th> <th style="width: 50%;">Issuance Amount</th> <th style="width: 25%;">Title</th> </tr> </thead> <tbody> <tr> <td>Asirvad</td> <td>INR 500 million</td> <td>Asirvad Debentures</td> </tr> </tbody> </table>			Issuer	Issuance Amount	Title	Asirvad	INR 500 million	Asirvad Debentures
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Use of proceeds	<ul style="list-style-type: none"> • Proceeds of this issuance shall be applied by the Issuer towards activities only in accordance with RBI regulations for NBFCs as amended from time to time • For avoidance of doubt, no part of the proceeds shall be used for any real estate business, any investing in equity, any investment for the express purpose of refinancing existing debt of the Issuer or any Affiliate or related party of the Issuer or facilitating the repayment or prepayment of any facility or related party credit facility. “Affiliate” means, with respect to any person, any other person directly or indirectly controlling, controlled by or under common control with, such person (where “control” means the power to direct the management or policies of a person, directly or indirectly, provided that the direct or indirect ownership of 51 % (fifty one per cent.) or more of the voting share capital of a person is deemed to constitute control of such person, and “controlling” and “controlled” have corresponding meanings); • The Issuer shall not use the proceeds of the issue of the Debentures for any purpose prohibited in the debenture trust deed ("DTD") and the other transaction documents relating to the issue of the Debentures (the "Transaction Documents") 								
Objects of the Issue	To raise debt to the extent of up to Rs. 500,000,000/- (Indian Rupees Five Hundred Million) to be utilized by the Issuer solely in accordance with the directions, rules and regulations of the Reserve Bank of India, and, to the extent applicable, the Securities and Exchange Board of India, for non-banking financial companies								
Instrument	Issuers will issue rated, taxable, senior, secured, redeemable INR denominated non-convertible debentures (the “Pooled Debentures” in aggregate and “Debentures” shall mean debentures issued by any one of them).								
Ranking	Each Debenture issued by an Issuer will constitute direct, secured and senior obligations of the Issuer. The claims of the Investors shall be superior to all the claims of investors / lenders of Tier I & Tier II Capital and								

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.

	shall rank pari passu to all unsecured and secured indebtedness of the Issuer and that each of the Debenture Holders shall inter-se rank pari passu in relation to their rights and benefits in relation to the Debentures, without any preference or privilege.																											
Investor/ Original Debenture Holder	CDC Group																											
Guarantor	Northern Arc Capital Private Limited																											
Arranger & Structurer	Northern Arc Capital Private Limited																											
Debenture Trustee	Catalyst Trusteeship Limited																											
Rating Agency	CARE Ratings																											
Tenor	Issuer	Tenor (months)																										
	Asirvad	48																										
Cash Collateral	Not Applicable																											
Face Value	INR 10,00,000																											
Number of Debentures	500																											
Issue Price	At par																											
Issuance Mode	Dematerialized																											
Private/Public Placement	Private Placement																											
Coupon Rate	Yield of 9.22% (Nine Decimal Point Two Two per cent) per annum payable monthly (net of tax)																											
Step up / Step down	N.A.																											
Principal Repayment	<p>The Debentures shall be redeemed on a pari passu basis by the Issuer by way of payments on the Redemption Dates in accordance with the Transaction Documents. Without prejudice to the foregoing, the Debentures shall be redeemed in full no later than date falling on the expiry of a period of 48 (forty eight) months from the deemed date of allotment, being March 30, 2021.</p> <p>Issuer will pay principal on specific payout dates as illustrated in the transaction documents. Indicative amortization schedule is shown below:</p> <table border="1" data-bbox="518 1249 1369 1697"> <thead> <tr> <th>Amortization date (months post settlement)</th> <th>Proportion of Principal redeemed</th> </tr> </thead> <tbody> <tr> <td>At the end of 6th month</td> <td>3%</td> </tr> <tr> <td>At the end of 12th month</td> <td>3%</td> </tr> <tr> <td>At the end of 18th month</td> <td>3%</td> </tr> <tr> <td>At the end of 24th month</td> <td>3%</td> </tr> <tr> <td>At the end of 30th month</td> <td>3%</td> </tr> <tr> <td>At the end of 36th month</td> <td>10%</td> </tr> <tr> <td>At the end of 38th month</td> <td>10%</td> </tr> <tr> <td>At the end of 40th month</td> <td>12%</td> </tr> <tr> <td>At the end of 42nd month</td> <td>12%</td> </tr> <tr> <td>At the end of 44th month</td> <td>12%</td> </tr> <tr> <td>At the end of 46th month</td> <td>12%</td> </tr> <tr> <td>At the end of 48th month</td> <td>17%</td> </tr> </tbody> </table>		Amortization date (months post settlement)	Proportion of Principal redeemed	At the end of 6 th month	3%	At the end of 12 th month	3%	At the end of 18 th month	3%	At the end of 24 th month	3%	At the end of 30 th month	3%	At the end of 36 th month	10%	At the end of 38 th month	10%	At the end of 40 th month	12%	At the end of 42 nd month	12%	At the end of 44 th month	12%	At the end of 46 th month	12%	At the end of 48 th month	17%
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Interest Payment	Issuer will pay interest on a Monthly basis as set out in Annexure 2																											
Early Redemption	<p>With the prior consent of the Debenture Holders and Guarantor, Issuer may prepay the amounts outstanding under the Issuance, subject to payment of prepayment penalty of 2% (Two Percent Only) of the amount prepaid by the Issuer.</p> <p>However, prepayment penalty will not be applicable if the prepayment is due to Mandatory Early Redemption.</p>																											

Mandatory Early Redemption	<p>Upon occurrence of any Mandatory Early Redemption Event in respect of any Issuer, such Issuer shall mandatorily redeem the Debentures issued by it in full within ten business days.</p> <p>Mandatory Early Redemption Event means an event on the occurrence of which it becomes unlawful in any applicable jurisdiction by any applicable law for any Debenture Holder to hold the Debentures.</p>
Put Date	N.A.
Put Price	N.A.
Put Option Notice	N.A.
Call Date	N.A.
Call Price	N.A.
Call Option Notice	N.A.
Put Notification Time	N.A.
Call Notification Time	N.A.
Payment mechanism	<ol style="list-style-type: none"> 1. Issuer shall make the payments of interest and principal amounts due and payable along with all other obligations (if any) under the transaction documents by 4 PM IST on T-3 Business Days (i.e. three days prior to the interest or principal due date) (a Payout Date). 2. In the event of failure of the Issuer to comply with (1) above, on T-2 Business Days, the Debenture Trustee shall utilise the cash collateral, if available, on T-2 business day to meet the shortfall. For abundant clarity, only cash collateral from the defaulting Issuer shall be available for utilisation. 3. In case of shortfall post utilisation of cash collateral, on T-2 Business Days, the Debenture Trustee shall invoke the guarantee and send a notice of 1 (One) Business Day to the Guarantor(s) 4. The Guarantor(s) shall make payments on T-1 (i.e. one day prior to the interest or principal due date). Till the time the Debenture Trustee accelerates the outstanding amounts upon occurrence of an Event of Default, the Guarantor(s) will be called upon to pay as per the original amortization schedule of the relevant Debenture. If the Debentures are accelerated, the Guarantor(s) will be called upon to pay the accelerated amounts.
Pre-Default Waterfall	<p>On each Payout Date, all amounts received by the Debenture Trustee shall be applied by the Debenture Trustee in the following order of payment:</p> <ol style="list-style-type: none"> (a) payment of any fees, costs and expenses due to the Debenture Trustee and the Debenture Holders, if any; (b) payment of interest due and payable on the Debentures to the Debenture Holders; (c) payment of principal due and payable on the Debentures to the Debenture Holders; (d) payment of any other amounts due and payable to the Debenture Holders under the Transaction Documents, if any; [and (e) payment to the Guarantor to the extent of any amounts paid by the Guarantor under the Guarantee. <p>Amounts received by the Debenture Trustee from the Guarantor may not be used to pay the Guarantor.</p>
Post Default Waterfall	<p>Upon occurrence of any Event of Default and once the Guarantor has no further payment obligation under the Guarantee with respect to such</p>

	<p>Issuer, claims of the Debenture Holders and Guarantor shall rank pari passu as regards the amounts recovered from such Issuer and as to security created by such Issuer in favour of the Debenture Trustee (and the proceeds thereof) and on insolvency. This post-default waterfall will only apply to amounts recovered from the Issuer in respect of which an Event of Default has occurred and not any other Issuer.</p>
Default Interest	<p>All interest on the Debentures and/or principal redemption shall, in case the same has not been paid on the respective due dates, carry further interest at the rate of 2% (two percent) over the Coupon Rate per annum computed from the respective due dates and shall become payable from the date of the Event of Default up to earlier of (i) date on which such Event of Default is rectified or (ii) the entire secured obligations in respect of the Debentures have been paid to the Debenture Holders by the entity in Default. Any Default Interest payable shall be paid within a maximum period of 2 (Two) Business Days from the date of receipt of a notice from the Debenture Trustee to make payment of such Default Interest.</p>
Business Day	<p>If the date for performance of any event or the due date for any payment including but not limited to the maturity date falls on a day that is not a Business Day, then the date in respect of performance such event or the due date for payment shall be the succeeding Business Day for interest payments and the preceding Business Day for principal payments</p>
Holiday Convention for making payments - Principal	<p>If any due date for the payment of principal amounts falls on a day which is not a business day, the payment to be made on such due date shall be made on the immediately preceding business day</p>
Holiday Convention for making payments – Interest	<p>If any due date for the payment of interest amounts falls on a day which is not a business day, the payment to be made on such due date shall be made on the immediately succeeding business day.</p>
Security	<ul style="list-style-type: none"> • Each Debenture shall be secured by first-ranking hypothecation over: <ul style="list-style-type: none"> ○ a pool of eligible loans originated by the relevant Issuer, with a security cover of 1.1x time over the outstanding Debentures and any accrued interest (including default interest); • Loans may be added on a monthly basis to meet the security cover. • The loans securing the Debentures must meet certain Eligibility Criteria. Loans not meeting the criteria will not be included in computation of security cover. • Security cover will be met no later than 60 (Sixty) calendar days from the Deemed Date of Allotment until all outstanding Debentures are redeemed. • In addition to the first and exclusive charge contemplated above, the Issuer shall on a floating charge basis hypothecate the proceeds of Issue including any other asset, property or right that it acquires pursuant to its use of the proceeds of the Issue. Such floating charge shall continue till the time the Security Cover is met.
Security details	<ul style="list-style-type: none"> • (a) The Debentures shall be secured on or prior to the deemed date of allotment ("Deemed Date of Allotment") by way of a first ranking exclusive and continuing charge to be created pursuant to an unattested deed of hypothecation, dated on or about the Deemed Date of Allotment ("Deed of Hypothecation"), executed or to be executed and delivered by the Issuer in a form acceptable to the Debenture Trustee over (i) the book debts/loan receivables of the Issuer as described therein (the "Charged Receivables"), and (ii) all the amounts lying in or to the credit of the account maintained in the name of Issuer, being the separate bank account maintained by the Issuer with a scheduled commercial bank for receipt of and utilisation of the proceeds of the Issue, the details of which are more particularly set out in the DTD ("Designated Proceeds Account") which are

	<p>attributable to the proceeds of the Issue and any other asset, property or right that the Issuer acquires pursuant to its use of the proceeds of the Debentures (collectively, "Designated Assets"). The Debentures shall also be supported by a guarantee by the Guarantor pursuant to the Deed of Guarantee and such other security interest as may be agreed between the Issuer and/or the Guarantor and the Debenture Holders (the above are collectively referred to as the "Security").</p> <ul style="list-style-type: none"> (b) The value of the Charged Receivables and the Designated Assets shall at all times be at least 1.10 (one decimal one zero) times (the "Security Cover") the value of the the principal amounts outstanding under the Debentures ("Outstanding Principal Amounts") together with any accrued interest, additional, penal or default interest, costs, fees, charges, expenses and other amounts payable by the Issuer under the Transaction Documents ("Outstanding Amounts") and shall be maintained at all times from the Deemed Date of Allotment until the Final Settlement Date.
<p>Security Creation</p>	<ul style="list-style-type: none"> Each Issuer will agree to provide security in relation to the Debentures by way of a first ranking exclusive charge by way of hypothecation in favour of the Debenture Trustee for the benefit of the Debenture Holders over a pool of eligible receivables described below. The Issuer shall replace any loans comprising the Security cover on or before the 25th of any calendar month with other loans satisfying the eligibility criteria, provided that the security cover ratio does not fall below 1.1x. Such replacement shall be effected with prior intimation to the Debenture Trustee. Report/file such list of assets comprising the Hypothecated Assets with the concerned ROC and the Central Registry of Securitisation Asset Reconstruction and Security Interest of India in relation thereto as soon as practicable and no later than 30 (thirty) days of each instance of creation or modification of security including such top up or replacement in accordance with the Deed of Hypothecation and provide the same to the Debenture Trustee, the Debenture Holders and the Guarantor;
<p>Eligibility criteria for Security</p>	<ul style="list-style-type: none"> Each receivable provided as Security by an Issuer must be a loan provided to a microfinance borrower of the Issuer ("Client Loan") Client Loans must be unencumbered (other than under the Transaction Documentation) and not sold or assigned by the Issuer The receivables have not been restructured or rescheduled. It is clarified that this condition does not disqualify Client Loans in respect of which the Issuer had granted moratorium on any payments due and payable during any period between March 1, 2020 and August 31, 2020 in terms of the RBI's circular no. DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020 on "COVID-19 – Regulatory Package" and the RBI circular no. DOR.No.BP.BC.71/21.04.048/2019-20 dated May 23, 2020 on "COVID-19 – Regulatory Package" but not otherwise restructured or rescheduled provided, at least one instalment was paid during the period from April 1, 2020 to September 30, 2020. The hypothecated Client Loans must only be originated at the branches owned, controlled and operated by the Issuer directly and not through branches operated by its origination partners. The hypothecated Client Loans must have been originated while complying with all the extant 'know your customer' norms specified by the RBI.

	<ul style="list-style-type: none"> • The hypothecated Client Loans are current and not in overdue for any period at the time of inclusion in the Security and have not been terminated or prepaid. • There are no events of default known to the Issuer in relation to the receivables under the transaction documentation relating to such receivables • At any time after inclusion in the security, the hypothecated Client Loans overdue for more than 30 (Thirty) days will cease to satisfy the eligibility criteria. • If, at any time, any Client Loan that form part of the Security cease to satisfy the eligibility criteria, the Issuer shall have the obligation to replace such Client Loans with Client Loans that satisfy the eligibility criteria on a quarterly basis. Loan receivables which are not eligible receivables will not be counted towards the calculation of the Security Cover.
<p>Guarantee</p>	<ul style="list-style-type: none"> • The Guarantor shall provide an unconditional, irrevocable, payable on demand guarantee, favouring the Debenture Trustee for the benefit of the Investors guaranteeing the scheduled redemption and interest instalments payable under the Debentures subject to an aggregate maximum amount equal to the Guarantee Cap (as defined below). The Debenture Trustee shall be entitled to make one or more demands on the Guarantor under this Guarantee. The Guarantee shall be enforceable as and when required, and in case the same is enforced, the value of the Guarantee shall be reduced by the amount so enforced. No payment will be made by the guarantor for its own benefit by virtue of subrogation. • Guarantee Cap shall mean the lesser of Initial Guarantee Cap (as defined below) or Revised Guarantee Cap (as defined below). • Initial Guarantee Cap shall [18]% of the initial principal value of PBI Debentures. • When due to the amortisation of the Debentures outstanding, the Initial Guarantee Cap is greater than [30]% of the aggregate outstanding principal of the Debentures, the Guarantee Cap shall be reduced to [30]% of the aggregate outstanding principal of the Debentures ("Revised Guarantee Cap"). • All payments of guarantee fees shall be directly made to the relevant accounts of the Guarantor by each Issuer. • Any change, amendment, modification of or waiver under any of the Transaction Documents that is prejudicial to the interests of the Guarantor shall require the prior written consent of the Guarantor. In the event of any change, amendment, modification of or waiver (other than a technical or administrative change, amendment, modification or waiver) under any of the Transaction Documents without the prior written approval of the Guarantor, the Guarantee provided by the Guarantor shall cease to be available at the option of and the sole discretion of the Guarantor. • Towards partially securing its payment obligations under the Guarantee, Guarantor shall on or prior to the Deemed Date of Allotment provide cash collateral in the form of a fixed deposit lien marked in favour of the Debenture Trustee for an amount equal to 16.67% of the Initial Guarantee Cap (i.e. 3% of the initial principal value of PBI Debentures). In addition to the foregoing, Guarantor shall towards partially securing its payment obligations under the Guarantee provide cash collateral in the form of a fixed deposit lien marked in favour of the Debenture Trustee for an amount equal to 16.67% of the Initial Guarantee Cap (i.e. 3% of the initial principal

	<p>value of PBI Debentures) within 15 (fifteen) Business Days from occurrence of any Guarantor Credit Event. For the purpose of this clause, the term 'Guarantor Credit Event' shall mean occurrence of one or more of the following events:</p> <ul style="list-style-type: none"> ○ Gross NPA of the Guarantor exceeds 5%. <ul style="list-style-type: none"> ▪ For the purpose of above clause, "Gross NPA Ratio" means, on any date, <ul style="list-style-type: none"> (i) the Gross NPA of the Guarantor on such date; divided by (ii) Exposure of the Guarantor on such date ▪ "Gross Non-Performing Assets" or "Gross NPA" means such Gross Loans and Investments which are listed below: <ul style="list-style-type: none"> (i) any exposure where the principal/interest amounts have been outstanding for a period of over 90 days after the relevant due dates under the respective loan agreements; (ii) in the reasonable opinion of the Guarantor's management a Exposure which, with the passage of time or otherwise may qualify as non performing under (i) above; ▪ "Exposure" is the sum of on-balance sheet exposures (including investments in debt securities and PTCs) and off-balance sheet exposures, including those issued/ subscribed by the controlled subsidiaries or controlled affiliates. ○ Capital adequacy ratio of the Guarantor falls below 20%. Capital adequacy ratio shall be determined as prescribed by the RBI for the Guarantor from time to time, currently being the aggregate of Tier I Capital and Tier II Capital divided by Risk Weighted Assets. The terms "Tier I Capital", "Tier II Capital" and "Risk Weighted Assets" shall have the meaning given to them in the NBFC Master Directions. ○ NBFC Master Directions means the master directions issued by the RBI on Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 or Non-Banking Financial Company–Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 as may be applicable for the Issuer (as amended or modified or restated from time to time).
<p>Other details about Guarantee</p>	<p>The due discharge by the Issuer of all present and future obligations (whether actual or contingent and whether owed jointly or severally or in any capacity whatsoever) of the Issuer to the holders of the Debentures ("Debenture Holders") and/or the debenture trustee ("Debenture Trustee") under the Transaction Documents, including the payment of the interest, principal amounts, additional, penal or default interest, liquidated damages and all costs, charges, fees, expenses and other monies payable by the Issuer under the Transaction Documents ("Secured Obligations") shall be guaranteed at all times until the date on which all Secured Obligations of the Issuer have been irrevocably and unconditionally paid and discharged in full to the satisfaction of the Majority Debenture Holders (as defined in the DTD) and the Debenture Trustee, and as notified by the Debenture</p>

	Trustee to the Issuer ("Final Settlement Date") by the Guarantor to the extent of the Guarantee Cap. The Guarantee shall be an unconditional, irrevocable, payable on demand guarantee (up to the Guarantee Cap), on a pari passu basis in accordance with the terms of the Guarantee, in favour of the Debenture Trustee (for the benefit of the Debenture Holders).
Transaction Structure	<ul style="list-style-type: none"> • The Investor invests in Debentures issued by each Issuer. • Each Issuer is an applicant for a guarantee from the Guarantor • Upon the occurrence of a failure to pay by an Issuer, the Debenture Trustee will call upon the Guarantor to fund the shortfall amount. However, the Guarantor will be called upon to pay as per the original amortization schedule of the relevant Debenture • At no point of time will the total amount funded by the Guarantor exceed the Guarantee Cap, unless the Guarantee is replenished as stated below. • After the enforcement of the Guarantee, if the Issuer(s) pays any money to the Guarantor (excluding fee / interest), the Guarantee will be replenished by the amount so paid by the Issuer(s) subject to the overall amount of the Guarantee. Replenishment mechanism will cease once the Guarantee is fully utilized or upon occurrence of an Event of Default. • To the extent that the Guarantor pays any amount under the Guarantee, the Guarantor shall be immediately subrogated to the Investor's rights against the defaulting Issuer in respect of such amount paid by the Guarantor under the Guarantee provided that the claims of the Guarantor against the defaulting Issuer, shall remain subordinated to the claims of the Debenture Trustee (acting for the Debentureholders) under the Transaction Documents till the time the Guarantor has any payment obligation under the Guarantee with respect to such defaulting Issuer. • Once Guarantor has no further payment obligation under the Guarantee with respect to any defaulting Issuer, (a) 2/3rd of the claims of the Guarantor against such defaulting Issuer shall rank <i>pari passu</i> with the claims of the Debentureholders; and (b) 1/3rd of the claims of the Guarantor against such defaulting Issuer shall continue to rank subordinated to the claims of the Debentureholders as regards the amounts recovered from such Issuer and as to security created by such Issuer in favour of the Debenture Trustee (and the proceeds thereof) and on insolvency.
Depository	NSDL/ CDSL
Listing	Unlisted
Trading Mode	Dematerialized
Record Date	5 calendar days prior to payment date
Issue Schedule	Issue Open Date : March 30, 2021 Issue Close Date : March 30, 2021 Deemed Date of Allotment : March 30, 2021
Interest on application money	To be paid at the respective coupon of each Debenture, on the first interest payment date]
Transferability	The Debentures are freely transferable by the Investor subject to and in accordance with the rules/procedures as prescribed by NSDL / CDSL / Depository Participants of the transferor / transferee.
OTHER TERMS:	
Representations and warranties	The Issuer (and where applicable its affiliates) as well as the Guarantor(s) shall make representations and warranties customary for issuance of this nature, including but not limited to:

	<ul style="list-style-type: none"> (a) corporate existence, power and authority; (b) legal validity and binding nature of the transaction; (c) validity and admissibility in evidence; (d) corporate and governmental authorisations and consents; (e) non-contravention of existing agreements and constitutional documentation and binding nature of the same; (f) no outstanding default or litigation; (g) governing law and enforcement; (h) non conflict with other obligations; (i) no deduction of tax; (j) no filing or stamp taxes (k) compliance with CDC's environmental and social requirements; (l) compliance with CDC's business integrity requirements, including among other things sanctionable practices; (m) no violation of law or material agreements; (n) no occurrence of material adverse effect; (o) no litigation that may have a material adverse effect; (p) no insolvency or insolvency proceedings; (q) no misleading information; (r) completeness and accuracy of financial statements; (s) fund proceeds under this transaction shall only be applied in accordance with end use as stated in the Debenture Trust Deed; (t) the Issuer is in compliance with all applicable laws including, without limitation, all tax, social and environmental laws; (u) ABC / AML / sanctions representations; (v) ranking; (w) financial indebtedness; (x) security; and (y) [Additional representations and warranties may apply depending on the outcome of due diligence of the Issuer] <p>Each of the representations and warranties set out above will be repeated on the Pay-in date, the Deemed Date of Allotment and each payment date.</p> <p>Issuer and its affiliates and the Guarantor are in compliance with all applicable laws including, without limitation, all tax, social and environmental laws.</p>
<p>Financial, operational and other covenants</p>	<p>Financial covenants pertaining to each Issuer:</p> <ul style="list-style-type: none"> - Maximum permissible ratio of PAR > 90 net off Loan Loss Provisions to Tangible Network shall be 25.00% (Twenty Five Point Zero Zero percent) till September 30th, 2021; Maximum permissible ratio of PAR > 90 net off Loan Loss Provisions to Tangible Network shall be 20.00%(Twenty Point Zero Zero percent) from the quarter ending December 31st, 2021. - Maximum permissible ratio of sum of the PAR > 90 (on the Issuer's entire portfolio including receivables sold or discounted on a non-recourse basis) net off Loan Loss Provisions to Gross Loan Portfolio shall be 5.00%(Five Point Zero Zero percent) till September 30th, 2021; Maximum permissible ratio of sum of the PAR > 90 (on the Issuer's entire portfolio including receivables sold or discounted on a non-recourse basis) to Gross Loan Portfolio shall be 5.00%(Five Point Zero Zero percent) from the quarter ending December 31st, 2021.

	<ul style="list-style-type: none"> - Minimum CRAR shall be higher of (a) 17% or (b) the sum of (i) regulatory minimum prescribed by the Reserve Bank of India pursuant to the NBFC Master Directions¹ and (ii) 2%. - The Financial Covenants apply at all times, tested quarterly and otherwise at any time upon request until the Maturity Date. - The net cumulative mismatch in the statement of structural liquidity in the maturity buckets 1-365 days, shall always remain positive <p>Covenants pertaining to Guarantor</p> <ul style="list-style-type: none"> - Maintain capital adequacy ratio higher of (a) 17% or (b) the sum of (i) regulatory minimum and (ii) 2%. Capital adequacy ratio shall be determined as prescribed by the RBI for the Issuer from time to time, currently being the aggregate of Tier I Capital and Tier II Capital divided by Risk Weighted Assets. The terms “Tier I Capital”, “Tier II Capital” and “Risk Weighted Assets” shall have the meaning given to them in the NBFC Master Directions. - Minimum long term rating of BBB. <ul style="list-style-type: none"> o In the event the long term rating of Guarantor goes below BBB, the Guarantor shall provide cash collateral in the form of a fixed deposit lien marked in favour of the Debenture Trustee for an amount equal to the Guarantee Cap, within 15 (fifteen) Business Days therefrom. - For the purpose of aforementioned Financial Covenants, following terms shall have the following meanings: <p>Portfolio at Risk greater than 90 days or PAR > 90 shall mean, the outstanding principal value of the Issuer’s Gross Loan Portfolio that has one or more instalments of principal, interest, penalty interest, fee or any other expected payments overdue for 90 days or more and includes restructured loans.</p> <p>Tangible Networth means, with respect to any person, the amount paid up on such person’s paid-up equity share capital, compulsorily convertible preference share capital, compulsorily convertible debentures and any amount standing to the credit of its reserves, less goodwill or other intangible assets.</p> <p>Gross Loan Portfolio means and includes the outstanding principal amounts of the loans originated by the Issuer on its own books, securitized portfolio as well as loans originated on behalf of other entities by entering into partnership agreements but not included on the Issuer’s own book. Amounts owed to the Issuer under any related party transaction shall not be counted for the purpose of Gross Loan Portfolio.</p> <p>Loan Loss Provision means the outstanding provision to provide for potential losses in the balance sheet of the Issuer pertaining to Gross Loan Portfolio.</p>
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¹ CDC and Northern Arc have not reached agreement on this point as CDC request is to have a 2% buffer on the minimum regulatory CRAR. This point will be further discussed during the legal documentation negotiation.

	<p>NBFC Master Directions means the master directions issued by the RBI on Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 or Non-Banking Financial Company–Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 as may be applicable for the Issuer (as amended or modified or restated from time to time).</p>
<p>Reporting</p>	<p>a) Within 120 days of the end of each financial year, each Issuer will deliver to the Trustee:</p> <ul style="list-style-type: none"> (i) its audited [consolidated] financial statements; (ii) a certificate from a Director/Chief Financial Officer/any of the authorized signatory confirming that there is no Potential Event of Default or Event of Default; and (iii) a copy of material information like ALM, financial performance related and any fraud related information (where such fraud results in loss of over INR 20 lakhs to the Issuer) submitted to the RBI in that financial year. <p>b) Within 60 days of the end of each financial quarter, the Issuer will deliver to the Trustee:</p> <ul style="list-style-type: none"> i. [its unaudited [consolidated] financial statements;] ii. financial covenant and security cover ratio compliance certificate signed by a director or Chief Financial Officer or any authorized signatory; <p>c) Within 45 days of the end of each financial quarter, the Issuer will deliver to the Trustee:</p> <ul style="list-style-type: none"> (i) information on financials, operations, portfolio growth and asset quality (static portfolio cuts, collection efficiency and portfolio at risk data), funding data, in formats acceptable to the Trustee; (ii) a certificate from a Director/Chief Financial Officer/any of the authorized signatory confirming that there is no Potential Event of Default or Event of Default; (iii) a copy of material information like ALM, financial performance related and any fraud related information filed with the RBI and the Securities and Exchange Board of India (as applicable); and (iv) information on: <ul style="list-style-type: none"> 1) new products introduced or change in existing product features 2) new business correspondent relationships or discontinuance of existing relationships 3) geographical expansion to any new state/city/district/location 4) material changes to IT/MIS systems 5) change in credit rating agencies used; 6) revision in business plan; 7) changes in accounting policy; and 8) any fraud amounting to more than [1]% of Gross Loan Portfolio. <p>d) within [90] days after the end of each financial year, delivery of a monitoring report in respect of environmental & social requirements, business integrity and development impact matters;</p>

	<p>e) promptly and in any event within three days after its occurrence, notification of any serious social, labour, health and safety, security or environmental incident, accident or circumstance;</p> <p>f) such other information required by CDC in relation to CDC's environmental and social requirements, business integrity requirements, and development impact monitoring requirements;</p> <p>g) promptly such other information regarding the financial condition, business and operations of any member of the Group as CDC may reasonably request; and</p> <p>h) promptly and in any event within 15 Business Days of the occurrence of any of the following events:</p> <ol style="list-style-type: none"> i. change to the Board of Directors; ii. any change to the shareholding structure of the Issuer; iii. any change in senior management officials (any CEO or equivalent); iv. Board approval of annual business plan; v. any change in the constitutional documents of the Issuer; vi. the occurrence of any event which has or could have a material adverse effect; any dispute, litigation, investigation or other proceeding which could result in a material adverse effect; vii. winding up, bankruptcy or insolvency proceedings; viii. any Event of Default or Potential Event of Default, and any steps taken / proposed to remedy the same; and any prepayment or notice of any prepayment of any indebtedness of the Issuer.
<p>Undertakings</p>	<p>Customary undertakings shall apply to each Issuer, including (without limitation) subject to materiality and carve outs as may be agreed:</p> <ul style="list-style-type: none"> • to obtain, comply with and maintain all authorisations; • compliance with applicable laws including environmental and social laws; • restriction on disposals of assets, except in usual course of business; • restriction on distributions; and • no change in constitutional documents. • maintenance of accounting and control systems, management information systems and books of account and other records • negative pledge subject to agreed exceptions • restriction on financial indebtedness subject to agreed exceptions • restriction on guarantees • restrictions on treasury transactions • restriction on disposals subject to agreed exceptions • restriction on merger and JVs and no change in promoter shareholding

	<ul style="list-style-type: none"> • restriction on acquisitions, including the establishment of subsidiaries, subject to agreed exceptions • restriction on dividends, shareholder loans and share redemption • no change of business • restriction on change in control or management control • taxation • ranking • arm's length / related party transactions • ABC / AML / sanctions • Undertaking to provide reports on security details in formats stipulated • undertakings with respect to CDC's environmental and social (E&S) requirements, including in relation to excluded activities and coal-related activities • undertakings with respect to CDC's business integrity requirements, including among other things (i) policies and procedures to ensure it, its directors and employees (as well as third parties acting on its behalf) do not engage in sanctionable practices and (ii) a whistle-blower policy • implementation of any E&S or business integrity action plan; and • allow CDC access to the sites and premises plant and equipment, access to an Issuer's books of account and all records, and access to employees, agents, contractors and subcontractors of an Issuer • In case of inability to pay from the Issuer's balance sheet, each Issuer must utilise the cash flows from the receivables provided as Security for the payment of interest and principal on the Debentures, to the extent of the repayment obligation • [Additional undertakings may apply depending on the outcome of due diligence of the Issuer] <p><i>[Note: List of undertakings are indicative only.]</i></p>
<p>Events of Default</p>	<p>Customary for financings of this nature and others appropriate in the judgment of the Investors subject to carve outs and grace-periods as may be agreed, upon the occurrence of which the Investor will be entitled to accelerate redemption, including but not limited to:</p> <p>(Issuer Events of Default)</p> <ul style="list-style-type: none"> • Non-payment by the Issuer • Breach of any terms of the Transaction Documents (other than breach of any CDC policy requirement) and such breach (if capable of remedy) is not remedied within 30 days or is not waived by Debenture Holders within 30 days.

	<ul style="list-style-type: none"> • Breach of any CDC policy requirement, ABC or AML requirements (or any misrepresentation in relation thereto) • Non-maintenance of the requisite security cover or financial covenants • Misrepresentation, if circumstances giving rise to the misrepresentation (if capable of remedy) are not remedied within 30 days or is not waived by Debenture Holders within 30 days • Cross-default • Insolvency • Insolvency proceedings • Creditors' process • Expropriation or Nationalisation • Repudiation of the Transaction Documentation • Unlawfulness • Material litigation • Hypothecated assets are in jeopardy in the opinion of the Debenture Trustee • Authorisations and Loss of licence / registration • Change or cessation of business • Material adverse effect • Audit qualification, unless the Issuer has provided an explanation and documents satisfactory to the debenture trustee in respect of the qualification within 30 days to address or remedy the circumstances giving rise to such qualification • Any of the Transaction Documentation ceases to be in full force and effect or is terminated prior to maturity • Failure by an Issuer to meet standards with respect to collection quality, management, governance, internal systems and processes, and data integrity, as may be required by the Debenture Trustee / Investor / Guarantor [which is not cured within 30 days] other than CDC policy requirements). The Guarantor shall be authorised by the Debenture Trustee / Investor to conduct such discretionary audits on its behalf. <p>(Guarantor Events of Default)</p> <ul style="list-style-type: none"> • Occurrence of any of the following events: when any Issuer Events of Default has occurred and continuing²: <ul style="list-style-type: none"> ○ Non-payment by the Guarantor ○ The rating of the Guarantor is downgraded below the covenanted level, and failure by the Guarantor to provide a cash collateral equal to the amount guaranteed by it within 15 (Fifteen) Business Days of such downgrade. ○ Occurrence of any of the following events with reference to Guarantor: breach of obligation, cross default, misrepresentation, repudiation of any Transaction Documentation, cessation of business, unlawfulness, material litigation, revocation of operating licenses, insolvency, insolvency proceedings, creditors' process, cessation of business, guarantee ceases to be in full force and effect. ○ Change of control without prior consent from Debenture Trustee.
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² CDC and Northern Arc disagree on this point as CDC request that CRAR and other breaches lead to cash collateral placement. This point will be further discussed during the legal documentation negotiation.

<p>Consequences of an Event of default:</p>	<p>If one or more Events of Default occur, the Debenture Trustee may upon the instructions of a Majority Debenture Holders or Majority Creditors, as the case may be, do any of the following:</p> <ul style="list-style-type: none"> (a) require the Issuer to redeem all or any part of the Debentures and repay the outstanding amounts on the Debentures along with other costs, charges and expenses incurred in connection with the Transaction Documents; (b) declaring all or any part of the Debentures to be due and payable upon issuance of a demand notice, such that whenever the demand notice is issued it shall become so due and payable within (2) two business days therefrom; (c) enforce any security created pursuant to the Hypothecation Agreement in accordance with its terms, towards redemption of the Debentures; or (d) take all such other action or exercise such rights expressly permitted under the Transaction Documents or permitted under applicable laws. <p>In addition:</p> <ul style="list-style-type: none"> • If a Potential Event of Default occurs, the Debenture Trustee's approval shall be required for the Issuer to declare any dividends, or make any other distributions to the holders of common equity or other restricted payments (including to related parties). • Default Interest of 2% over and above the coupon of each respective Debenture • Upon occurrence of any Potential Event of Default in respect of any Issuer, the relevant Issuer must make equal weekly principal repayments going forward (such payment schedule to be drawn up by the Debenture Trustee). The schedule shall be drawn up to ensure that the last payment date of an approximate 4-week period (or 5-week period as applicable) shall fall on a Payout Date.
<p>Conditions precedent:</p>	<p>Conditions precedent customary for transactions of this nature, including (without limitation):</p> <ul style="list-style-type: none"> (a) the execution and delivery of Transaction Documents in form and substance satisfactory to the Trustee including but not limited to (i) legal opinions from the counsel of the Issuer and counsel of the Debentureholders; (ii) board and shareholder resolutions; and (iii) government authorisations and approvals (if any); (b) the constitutional documents of the Issuer; (c) certificate of incumbency and authority including the specimen signatures of each person authorised by the board of directors of the Issuer; (d) Borrowing certificate from the Issuer confirming that borrowing the total commitments would not cause any borrowing or similar limit binding on the Issuer to be exceeded;

	<p>(e) certified copy of the latest audited consolidated financial statements of the Issuer;</p> <p>(f) All governmental and/or regulatory approvals and other third party consents, including No Objection Certificates (NOC)s (if any) from existing lenders, necessary in connection with the transaction contemplated hereby shall have been obtained and shall be in full force and effect;</p> <p>(g) All representations and warranties are true on and as of the date of the drawdowns, before and after giving effect to such and to the application for the proceeds there from, as though made on and as of such date;</p> <p>(h) No Event of Default or Potential Event of Default has occurred and is continuing, or would result from the issuance of the Debentures;</p> <p>(i) No law or regulation shall be applicable in the judgment of the Debentureholders (as supported by satisfactory legal opinions) that restrains, prevents or imposes materially adverse conditions upon the transactions contemplated hereby;</p> <p>(j) Evidence of payment of all fees, costs and expenses then due from the Issuer under the Transaction Documents and incurred for the purpose of preparation of Transaction Documents;</p> <p>(k) the absence of any material adverse effect in the business, condition (financial or otherwise), operations, performance or prospects of the Issuer; and</p> <p>(l) the absence of any pending or threatened litigation, investigation or proceedings that may have a material adverse effect on the business condition (financial or otherwise), operations, performance or prospects of the Issuer or that purports to affect the issuance.</p> <p>• <i>[Note: List of conditions precedent are indicative only.]</i></p>
Miscellaneous	The Debenture trust Deed will contain customary provisions relating to indemnities.
Costs and expenses:	<p>The Issuer will bear all transaction costs, taxes and fees with respect to the issuance of the Debentures, including (without limitation), Trustee fees and expenses, the Guarantee fee, rating fees, legal fees, stamping and registration costs and any other reasonable transaction related expenses incurred by the Debenture Trustee, Investors and Guarantor.</p> <p>Amendment costs (including legal fees) in respect of the Issuer's request for an amendment, waiver or consent.</p> <p>Enforcement costs (including legal fees) in respect of Trustee enforcing the Transaction Documents.</p>
Tax Gross-up	If a tax deduction required by applicable law is to be made by the Issuer, the amount of the payment due from the Issuer shall be increased to an amount which (after making any tax deduction) leaves an amount equal to the payment which would have been due if no tax deduction had been required.
Transaction Documentation	The issuance and subscription of the Debentures will be evidenced by Debenture Trust Deed, Deed of Hypothecation, Deed of Guarantee, Debenture Trustee Agreement, and other relevant documentation between each Issuer, Guarantor and the Debenture Trustee.
Majority Debenture Holders	All references to the consent or discretion or agreement of the Debenture Trustee shall mean the Debenture Trustee acting on the instructions of the Majority Debenture Holders, unless specifically provided otherwise. During

	<p>the period when any part of the Guarantee stands utilised and is not reimbursed, all references to the consent or discretion or agreement of the Debenture Trustee shall mean the Debenture Trustee acting on the instructions of the Majority Creditors, unless specifically provided otherwise.</p> <p>“Majority Creditors” means the Debenture Holders and Guarantor holding not less than seventy five percent (75%) of the amounts outstanding under the Debentures and amount of Guarantee utilised in relation to such Debentures and is not reimbursed.</p> <p>“Majority Debenture Holders” means such number of Debenture Holders holding not less than seventy five percent (75%) of the nominal value of the Debentures then outstanding and does not include the Guarantor.</p> <p>In relation to a CDC Policy Event of Default, Majority Debenture Holders or Majority Creditors shall mean CDC.</p> <p>In relation to any right or claim against or in respect of or any amendment or waiver relating to the Guarantee, Majority Creditors shall exclude the Guarantor.</p>
Governing law	Indian Law
Jurisdiction	[]
Replacement/removal of the Trustee:	Majority Debenture Holders shall have the right to remove and appoint a new trustee with the consent of the Guarantor.

Appendix 1: CDC List of Excluded Activities

+ Any of the following activities:

- Production of, or trade in, any product or activity deemed illegal under applicable local or national laws or regulations or subject to internationally agreed phase-outs or bans as defined in global conventions and agreements such as certain:
 - hazardous chemicals, pharmaceuticals, pesticides and wastes;
 - ozone depleting substances;
 - endangered or protected wildlife or wildlife products; and
 - unsustainable fishing methods such as blast fishing and drift net fishing in the marine environment using nets in excess of 2.5 kilometres in length;
- Production of, or trade in, arms (i.e. weapons, munitions or nuclear products, primarily designated for military purposes);
- Production of, use of, or trade in, unbonded asbestos fibres;
- Production of, use of, or trade in, coal³;

³ This includes equipment and machinery used for the mining of coal.

- Production of, or trade in, radioactive materials⁴; or
- Prostitution.
- ✦ Any activities involving forced labour⁵ or child labour⁶ or a safeguarding violation⁷.
- ✦ Any businesses, if any of the following activities represents a substantial portion⁸ of such business:
 - gambling, gaming casinos and equivalent enterprises;
 - tobacco or tobacco related products⁹; or
 - pornography.
- ✦ Significant alteration, damage or removal of any critical cultural heritage¹⁰.

Annexure 2

Dates	Interest (net of tax)	Principal	Total
30-Mar-21			(50,00,00,000)
29-Apr-21	37,89,041	-	37,89,041
30-May-21	39,15,342	-	39,15,342
29-Jun-21	37,89,041	-	37,89,041
30-Jul-21	39,15,342	-	39,15,342
30-Aug-21	39,15,342	-	39,15,342
29-Sep-21	37,89,041	1,50,00,000	1,87,89,041
30-Oct-21	37,97,882	-	37,97,882
29-Nov-21	36,75,370	-	36,75,370
30-Dec-21	37,97,882	-	37,97,882
30-Jan-22	37,97,882	-	37,97,882
27-Feb-22	34,30,345	-	34,30,345
30-Mar-22	37,97,882	1,50,00,000	1,87,97,882
29-Apr-22	35,61,699	-	35,61,699
30-May-22	36,80,422	-	36,80,422
29-Jun-22	35,61,699	-	35,61,699

⁴ This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment in which the radioactive source could reasonably be considered to be trivial or adequately shielded.

⁵ Forced labour 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.

⁶ 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.

⁷ A "safeguarding violation" means any action or series of actions that:

- (a) involves any work or service which is exacted from any person under the menace of any penalty and for which that person has not offered themselves voluntarily, or that otherwise contravenes the requirements of the ILO Conventions;
- (b) contravenes the requirements of ILO Core Labour Convention 190 (Violence and Harassment), or that otherwise involves the exploitation, abuse or harassment (being any form of unwanted verbal, non-verbal or physical conduct, whether by force or under unequal or coercive conditions) of any person that is directed at such person because of their perceived or real sex or gender, or that disproportionately affects people of a particular sex or gender; or
- (c) involves the exploitation or abuse of a child.

⁸ For companies, "substantial" means more than 10 % of their consolidated balance sheets or earnings. For financial institutions, "substantial" means more than 10% of their underlying portfolio volumes.

⁹ Except, in the case of tobacco production only, with an appropriate timeframe for phase out.

¹⁰ Critical cultural heritage consists of (i) the internationally recognized heritage of communities who use, or have used within living memory the cultural heritage for long-standing cultural purposes; and (ii) legally protected cultural heritage areas, including those proposed by host governments for such designation.

30-Jul-22	36,80,422	-	36,80,422
30-Aug-22	36,80,422	-	36,80,422
29-Sep-22	35,61,699	1,50,00,000	1,85,61,699
30-Oct-22	35,62,962	-	35,62,962
29-Nov-22	34,48,027	-	34,48,027
30-Dec-22	35,62,962	-	35,62,962
30-Jan-23	35,62,962	-	35,62,962
27-Feb-23	32,18,159	-	32,18,159
30-Mar-23	35,62,962	1,50,00,000	1,85,62,962
29-Apr-23	33,34,356	-	33,34,356
30-May-23	34,45,501	-	34,45,501
29-Jun-23	33,34,356	-	33,34,356
30-Jul-23	34,45,501	-	34,45,501
30-Aug-23	34,45,501	-	34,45,501
29-Sep-23	33,34,356	1,50,00,000	1,83,34,356
30-Oct-23	33,28,041	-	33,28,041
29-Nov-23	32,20,685	-	32,20,685
30-Dec-23	33,28,041	-	33,28,041
30-Jan-24	33,28,041	-	33,28,041
28-Feb-24	31,13,329	-	31,13,329
30-Mar-24	33,28,041	5,00,00,000	5,33,28,041
29-Apr-24	28,41,781	-	28,41,781
30-May-24	29,36,507	5,00,00,000	5,29,36,507
29-Jun-24	24,62,877	-	24,62,877
30-Jul-24	25,44,973	6,00,00,000	6,25,44,973
30-Aug-24	20,75,132	-	20,75,132
29-Sep-24	20,08,192	6,00,00,000	6,20,08,192
30-Oct-24	16,05,290	-	16,05,290
29-Nov-24	15,53,507	6,00,00,000	6,15,53,507
30-Dec-24	11,35,449	-	11,35,449
30-Jan-25	11,35,449	6,00,00,000	6,11,35,449
27-Feb-25	6,01,195	-	6,01,195
30-Mar-25	6,65,608	8,50,00,000	8,56,65,608

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