

March 30th, 2018

Samunnati Financial Intermediation &
Services Private Limited,
IITM's Rural Technology and Business
Incubator (RTBI),
Module #1J, 1st Floor IITM Research Park,
Kanagam Road, Taramani,
Chennai, Tamil Nadu 600113

Subject: Term sheet Loan facility
Enclosed: Annex I: Indicative Term Sheet

Dear Mr. Anil Kumar,

Referring to our previous interactions, please find below the indicative Term Sheet that outlines the terms and conditions that we would consider when providing, to Samunnati Financial Intermediation & Services Private Limited ("Samunnati" or "Borrower"), a senior debt financing from a fund managed by Incofin IM ("Lender").

We must state that this Indicative Term Sheet is not a definite offer and is subject to investment committee approval. The Term Sheet is strictly confidential and we trust that you will treat it accordingly.

We are looking forward to an extended fruitful cooperation between our institutions.

Kind Regards,



Aditya Bhandari,
Co-Head Asia
Incofin Investment Management



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Annex I- Indicative Term Sheet

Proposal for lending transaction between Samunnati as the Borrower and a fund managed by Incofin IM as the Lender

Purpose

The purpose of this document (this "Indicative Term-sheet") is to outline the specific terms and conditions of a potential loan agreement between the Borrower and the Lender. This Indicative Term Sheet has a validity limited to 3 months starting as of today, does not constitute a final offer, is not exhaustive and is subject to change. The Investment Committee of the Lender is the only body authorized to decide on the final conditions of the agreement.

Abstract

- Considering that the Borrower's mission corresponds to the objective of the Lender of financing sustainable Financial institutions that contribute to offer adapted financial services to poor micro-entrepreneurs in DAC-listed countries.
- Considering that the Borrower meets the eligibility criteria of the Lender.

Specific Terms and conditions

Lender	Fund Managed by Incofin IM
Borrower	Samunnati
Loan Amount and Instrument	Euro 3,000,000 to 5,000,000 (subject to IC approval) equivalent in Indian Rupee Rated, Taxable, Senior Secured Redeemable Non-Convertible Debentures ("NCD")
Currency	INR
Disbursement Date (DD)	Q2 2018
Disbursement Mode	Single
Purpose	To finance the expansion of the Borrower's loan portfolio.
Maturity	36 months
Repayment	Bullet repayment
Interest (Gross)	12.58%
Withholding Tax	The gross interest rate above assumes a max WHT of 5% plus applicable surcharge and cess.
Interest Calculation	Actual/Actual
Interest Payments	Quarterly
Up-front fee	NIL

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Prepayment	No prepayment or early redemption permitted without Lenders consent. Prepayment penalty and penalties on delayed payments will be covered in the legal documentation stage.		
Securities	1. Pari Passu 2. Exclusive Floating charge over all the book debts and investments of the Company (other than charge to the existing lenders) with security cover of 1x on the accrued interest and outstanding Principal		
Other conditions	1. Disbursement of agreed Principal requires that the Borrower is in compliance with all covenants.		
Financial Covenants	1. PAR90 + rescheduled (Outstanding balance of portfolio overdue > 90 days + outstanding balance of rescheduled loans) / gross loan portfolio shall remain below	< 5%	
	2. Write off ratio (gross value of loans written off during the past 12 months / gross loan portfolio) shall remain below	< 3%	
	3. Adjusted Solvency = (Equity - un-provisioned PAR90) / (Risk Weighted Total Assets); Limits set at minimum	≥ 18%	
	4. Capital Adequacy Ratio (CAR) ratio in line with national regulations plus 1%, above	≥ 16%	
	5. Positive year end Return on Assets (net income / average total assets), above	> 0%	
Social Undertakings	1. Annual reporting of relevant social performance indicators to social data collection platform(s). "Relevant" means that the Borrower is not expected to report on all social indicators defined by the USSPM/SPI4, but only on the ones that are: (i) considered in line with its social mission; and (ii) considered possible for the institution to provide given possible technological constraints linked to its MIS. 2. Responsible pricing: Positive year end ROA < 7.5%		
Legal Opinion	An independent law firm, to be selected jointly by both Parties but to be approved by the Lender, shall be contracted at the expense of the Borrower, to provide to the Lender a legal opinion regarding the Loan Agreement, the Borrower, the representation of the Borrower and any other issue the Lender may request, and covering in any case the questions listed in the Legal Opinion Request (Annex of the Loan Agreement) in form and substance satisfactory to the Lender.		
Other Investment Conditions	1. The Lender will receive financial information on a quarterly basis in its standard report called "factsheet". The Borrower guarantees the full availability and transparency of the information asked during all the investment period. 2. The Borrower shall provide data on the agreed covenants on a quarterly basis during the investment period. 3. All the prospective loan facilities of the Lender provided to the borrower are subject to the general terms and conditions of the loan agreement of the Lender of which a copy will be provided to the Borrower. 4. After approval of the loan facility by the Lender's Investment Committee and prior to disbursement of the facility, the Borrower shall have to provide a		

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	legal opinion to the Lender that confirms the validity and enforceability of the contracts between both parties according to the local law.
Charges	Cost of external legal opinion, stamp duty, Registrar and transfer Agent fee, Credit Rating Fee and other related issuance cost shall be additionally paid by the Borrower. The cost of any due-diligence engagement shall be borne by the Borrower in case of termination of this agreement by Borrower.
Tax gross-up / Withholding Tax	<ul style="list-style-type: none"> Any change in the withholding tax laws which results in a higher deduction of WHT (over and above 5%) shall be borne by the borrower (Tax grossed up for lender). If the Borrower is required to withhold or deduct any taxes (other than withholding tax on interest), it will pay such additional amounts as is necessary to ensure that the net amount received by the Lender will equal the full amount which would have been received by the Lender had no such deduction or withholding been required. All duties and taxes (including without limitation stamp duties, transfer taxes, service tax, but excluding income tax of lender and withholding tax on interest payments) relating to the facility shall be borne by the Borrower.
Discretionary Audit	An audit covering the review of collection standards, management, governance, internal systems and processes, and data integrity of the Borrower, to be conducted by the Lender from time to time, during the currency of the Facility. The scope of such audit shall cover inter alia visit to operational (field) areas of the Borrower as well as the Head Office and any regional or state level offices and discussions with employees of the Borrower as well as with clients.

Samunnati Financial Intermediation & Services Private Limited

Nitin Chandra



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