

responsAbility India Business Advisors Pvt Ltd.
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Samunnati Financial Intermediation & Services Pvt Ltd
Baid Hitech Park, No: 129-B, 8th Floor, ECR, Thiruvanmiyur ,
Chennai - 600041

Mumbai, 18 September 2020

Indicative Term Sheet

Dear Mr. Nitin Chaudhary,

We are pleased to make available to Samunnati Financial Intermediation & Services, the following indicative non-binding term sheet with details as follows:

Issuer: **Samunnati Financial Intermediation & Services Pvt Ltd / "Samunnati"**

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 33,00,00,000

Type: Non-Convertible Debenture ('NCD')

Disbursement: September 2020

Tenure: 36 months

Upfront Fees: Nil

Coupon rate: Coupon rate will be 11.72% p.a., net of withholding tax (INR fixed), and payable quarterly

The debenture trust deed will include language to protect the Lender against increase in the withholding tax rate beyond 5% plus applicable surcharges.

The rate is also subject to changes in the tax environment, interest rate environment as well as the USD/INR hedging cost, assumed at 4.5%. The coupon rates may be changed, before subscribing to the NCD, in negotiation with the institution, in case there is a change in market conditions.



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- Put Option Date: At the end of 18 months from the Deemed Date of Allotment
- Put Option: The Debenture holder shall hold the option to put the NCD at the end of 18 months from the date of allotment. The decision to exercise the option shall be communicated at least 15 (fifteen) business days before the Put Option Date
- Additional fees: *Arranger fee: as agreed with the arranger, if there is an arranger to the issue, otherwise not applicable*
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.
- Payment of interests: Payable quarterly
- Repayment of Principal: 12.5% at the end of the 12th month
12.5% at the end of the 24th month
Remaining at the end of the 36th month
- Conditions precedent: External Legal Opinion
- Covenants:
- **Capital Adequacy:** The Issuer shall maintain a ratio of Regulatory Capital divided by Risk Weighted Assets of at least twenty (20) per cent.
 - **Open Currency Position:** The Issuer shall maintain a ratio of Foreign-Currency Assets minus Foreign-Currency Liabilities divided by Regulatory Capital comprised between 150% and - 50%.
 - **Portfolio Quality:** The Issuer's [(Portfolio at Risk 90 Days+ Refinanced, Restructured/rescheduled + Write off previous 12 month) / Gross Loan Portfolio] shall be less than or equal to 5%, or a level identified post due diligence
 - **Open Loan Position:** The Issuer shall maintain [(Portfolio at Risk More Than Ninety (90) Days + Refinanced, restructured, rescheduled - Loan Loss Reserve)/ Regulatory Capital] less than or equal to 15%
- Security: The NCDs would be secured by the creation of an exclusive charge on the receivables and liquid assets 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.
- Listing Requirement: The issuer of such debt securities will immediately redeem / buyback the said securities from the FIIs/sub-accounts of FIIs if the bonds issued to FIIs are not listed within 15 days of issuance



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and are not disposed of either by way of sale to a third party or to the issuer. The NCDs should be listed on the Bombay Stock Exchange.

- 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.
- Late payment fee: In case of late repayments for which the borrower is responsible, the interest rate is increased by 200 bps for the period until eventual payment, and the borrower needs to cover any costs incurred by the lender through the late payment (e.g. non-settling of hedges).
- 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
- Reporting requests: Monthly monitoring (40 data points)
- Other provisions: Adhere to Policy Provisions and Requirements, Microfinance Exclusion List, Sanctionable Practices and Anti-Corruption Guidelines, and implement a Social and Environmental Management System (all guidelines & information in this respect available upon request)

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

Please email a scanned, signed copy of this letter to suhasini.singh@responsAbility.com for us to proceed with this transaction. As always, we remain at your disposal for any question you may have.

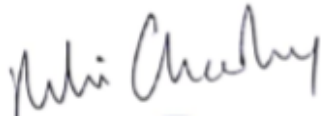


Nishi Chaudhary

Sincerely yours,

Date: 18 September 2020

For **Samunnati Financial Intermediation & Services Pvt Ltd**



For **responsAbility India:**



Ms. Suhasini Singh
Head of Agri Financing – Asia Pacific
18.09.2020

Annex – List of definitions

“Total Assets” shall mean the total value of the Issuer’s assets, including, but not limited to, cash, cash equivalents, its loan portfolio, fixed assets, and off-balance sheet loans but excluding foreign currency deposits or similar assets blocked as guarantees for a back-to-back reception of local currency liabilities from a financial intermediary.

“Gross Loan Portfolio” shall mean the aggregate outstanding balance of all the loans, including off-balance sheet loans, disbursed by the Issuer in the normal course of its activity.

“Equity” shall mean the total equity of the Issuer, including shareholder’s equity, reserves, retained earnings or losses and current year cumulated net income or loss.