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Grameen Koota Financial Services Pvt. Ltd.

Avalahalli, Anjanapura Post,
 Bangalore- 560062

Mumbai, 28 June 2017

Indicative Term Sheet

Dear Mr. B R Diwakar,

We are pleased to make available to Grameen Koota Financial Services Private Limited, the following indicative non-binding term sheet with details as follows:

Issuer:	Grameen Koota Financial Services Private Limited ("GK")
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 100 crores
Type:	Non-Convertible Debentures ('NCD')
Maturity:	72 months (see <i>Coupon Reset Date which is 36 months from the deemed date of allotment</i>)
Coupon rate:	Coupon rate will be 11.60% p.a. , gross of withholding tax (INR fixed), payable semi-annually from the Deemed Date of Allotment until the Coupon Reset Date. The rate is subject to a maximum hedging cost of 4.6% 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 Reset Date:	At the end of 36 months from the Deemed Date of Allotment
Coupon Rate Reset Mechanism:	The Coupon Rate will be reset on every Coupon Reset Date as per the coupon rate reset mechanism. The Trustee shall consult all Debenture holders for ascertaining the new Coupon Rate applicable until the respective next Coupon Reset Date, 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 7 (seven) days prior to the Coupon Reset Date.

The Trustee shall communicate the new Coupon Rate, so determined, to the Issuer at least 4 (four) days before the respective Coupon Reset Date.

Additional fees: *Arranger fee: as agreed with the arranger, if there is an arranger to the issue*

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.

Call/ Put Option Both Debenture holder and Issuer hold the option to call / put the NCD at the end of 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 at least 15 (fifteen) days before the Coupon Reset Date.

Interest payments: Payable semi-annually in arrears

Repayment type: The NCD amount is payable bullet at Maturity

Covenants:

- **Capital Adequacy:** The Issuer shall maintain a ratio of Regulatory Capital divided by Risk Weighted Assets of at least the minimum ratio imposed on the Issuer according to the Local Requirements increased by 0.5%.

- **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 30 Days+ Refinanced, Restructured/rescheduled + Write off previous 12 month) / Gross Loan Portfolio] shall be less than or equal to
 - a) 10% starting 31st July 2017 till 30th December 2017,
 - b) 7.5% starting 31st December 2017 till 30th March 2018, and
 - c) 5% starting 31st March 2018.

- **Open Loan Position:** The Issuer shall maintain [(Portfolio at Risk More Than Thirty (30) Days + Refinanced, restructured, rescheduled - 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 microfinance 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	Any 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 non-exclusive jurisdiction in Mumbai.
Listing	The NCDs would be listed on the Bombay Stock Exchange.

Prior to each Coupon Reset Date and decision to exercise the Call option, GK'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 GK 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 GK 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 Global Microfinance 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 Global Microfinance Fund / responsAbility SICAV (Lux) itself.

Sincerely yours,

For responsAbility India



Ms. Celine Georges-Picot
Head of Debt Financing – Asia Pacific
28.06.2017



Mr. Jaskirat S. Chadha
Senior Investment Officer
28.06.2017