

**INDICATIVE TERM SHEET**

*The terms and conditions given below are indicative only and are not exhaustive and subject to change.*

<b>PARTIES INVOLVED IN THE ISSUE</b>	
Issuer / Company	Satya MicroCapital Limited ("Satya")
Debenture Trustee	Catalyst Trusteeship Limited
Subscriber(s)	SIMA Off Grid Solar and Financial Access Senior Debt Fund 1, a Netherlands B.V. Corporation will subscribe to 24,983 Debentures Northern Arc Capital Limited will subscribe to 24,983 Debentures.
Depository	National Securities Depository Limited ("NSDL") / Central Depository Services Ltd ("CDSL")
Registrar and transfer agent	Link Intime India Pvt Ltd
Rating Agency	ICRA Limited
Structurer and Arranger	Northern Arc Capital Limited
Legal Counsel	Wadia Ghandy & Co.
<b>THIRD PARTY OBLIGORS</b>	
Guarantor(s)	Not Applicable
Credit Enhancer(s)	Not Applicable
Other obligor(s)	Not Applicable
<b>DETAILS OF THE INSTRUMENT</b>	
Type of instrument	Non-convertible debentures
Nature of instrument	Unlisted, Unsubordinated, Secured, Transferable, Redeemable Non-convertible Debentures.
Ranking	Unsubordinated
Security requirements	Debentures shall be secured as per the terms and conditions stipulated under the heading 'Security Creation' hereunder.
Listing requirements	Unlisted  To be listed in the Wholesale Debt Market segment of BSE within 30 Business Days from the Deemed Date of Allotment / date of request from the Debenture Trustee.
Rating	The NCD issuance will be unrated at the time of issuance. Issuance to be rated within 60 days from date of issuance.
30 days portfolio at risk ("PAR > 30")	The outstanding principal value of the Borrower's portfolio that has one or more installment of principal, interest, penalty interest, fee or any other expected payments overdue for 30 days or more and includes restructured loans

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 only at our 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.


For Satya MicroCapital Ltd.

  
Sanjay Goel  
Head Finance

90 days portfolio at risk ("PAR > 90")	The outstanding principal value of the Borrower's portfolio that has one or more installment of principal, interest, penalty interest, fee or any other expected payments overdue for 90 days or more and includes restructured loans		
ISSUE DETAILS			
Mode of Issue	Private Placement		
Form of issue	Debentures will be issued in dematerialized form.		
Issue size	Dollar 7 million (Approx. INR. 49,96,60,000/- (Indian Rupees Forty Nine Crore Ninety Six Lakh Sixty Thousand only)) to be co-invested by SIMA Off Grid Solar and Financial Access Senior Debt Fund 1 and Northern Arc Capital Limited.		
Northern Arc subscription amount	Dollar 3.5 million (Approx. INR. 24,98,30,000/- (Indian Rupees Twenty-Four Crore Ninety-Eight Lakh Thirty Thousand only)		
Tenor	37 (Thirty Seven) months		
Face value	INR. 10,000/- (Indian Rupees Ten Thousands only)		
Issue price	Debentures will be Issued at par.		
Issue Schedule	Issue Opening Date	September 16, 2019	
	Issue Payin Date	September 18, 2019	
	Issue Closing Date	September 18, 2019	
	Deemed Date of Allotment	September 18, 2019	
Objects of the issue	Working Capital (on-lending)		
Utilization of issue proceeds	On-lending for Microfinance & off-grid solar		
REDEMPTION			
Redemption Amount	Each Debenture shall be redeemed at par.		
Scheduled Redemption	Debentures shall be redeemed on a pro rata basis as set out in Schedule 1 (Redemption Schedule) hereto and shall be fully redeemed by the Final Redemption Date.		
Early Redemption Premium	2.25% (Two Decimal Point Two Five percent) on the principal amount, breakage cost, legal fee and other fee as a result of the voluntary prepayment.		
COUPON PAYMENT			
Coupon Type	Fixed		
Coupon Rate	The gross interest rate inclusive of withholding taxes would be 13.60% p.a., at the prevailing tax and FX rates. The debenture trustee to include language to protect the Lender against increase in the withholding taxes.		
Coupon Payment Frequency	Quarterly		

This document does not constitute an offer, 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.

For Satya MicroCapital Ltd.

  
Sanjay Goel  
Head Finance

Principal Repayment	1/3rd of Issue Size due on September 15, 2020 50% of 1/3rd of Issue Size due on September 15, 2021 50% of 1/3rd of Issue Size due on March 15, 2022 1/3rd of Issue Size due on September 30, 2022
Origination Fee	30 bps (0.30%) of Northern Arc subscription amount plus applicable taxes, payable to Northern Arc
Fee to Northern Arc	150 bps (1.50%) of Issue Size plus applicable taxes, in addition to the Origination Fee
Default interest	Coupon Rate plus 2% (two percent)
<b>CONVENTIONS</b>	
Day Count Basis	Actual/Actual
Business Day	Means any day, other than a public holiday under Section 25 of the Negotiable Instruments Act, 1881 or a Sunday, on which banks are open for general business in Delhi/Mumbai;
Date Convention	(a) If the date of payment of any interest in respect of the Debentures falls on a day that is not a Business Day, such payment of interest shall be made on the next occurring Business Day; (b) If the date of payment of any redemption amount falls on a day that is not a Business Day, such payment of installment shall be made on the immediately preceding Business Day; and (c) If the Final Redemption Date or the Early Redemption Date (the date on which the Debentures are redeemed prior to the Final Redemption Date in terms of the Transaction Documents), as the case may be, falls on a day that is not a Business Day, such payment of interest and redemption amount shall be made on the immediately preceding Business Day.
<b>THIRD PARTY OBLIGATIONS</b>	
Guarantor(s)	Not Applicable
Credit Enhancer(s)	Not Applicable
Other Obligor(s)	Not Applicable
<b>SECURITY CREATION</b>	
Hypothecation	Security coverage to be maintained at 110% of Principal Outstanding. Security creation and registration required as per regulation. The reporting of loan receivables and the top-up of security is to be done on a monthly basis.
Pledge	Not Applicable
Mortgage	Not Applicable
<b>OTHER COVENANTS</b>	

*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 in our best interest. 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.*

For Satya MicroCapital Ltd.

  
Sanjay Goel  
Head Finance


Debt Redemption Reserve	If so applicable for the Issue, the Issuer shall create debt redemption reserve in accordance with the Companies Act, 2013 (and Rules thereunder) and in terms thereof earmark an amount not less than 15% of the amount maturing during the year ending on the 31 <sup>st</sup> day of March of the next year by way of investment and deposits in specified securities on or before the 30 <sup>th</sup> day of April in each year.
Related Party Transactions	Issuer shall not enter into any transaction(s) with a related party without the prior written consent of the Debt Redemption Trustee.
Affirmative Covenants	As listed in the Debt Redemption Trust Deed.
Negative Covenants	As listed in the Debt Redemption Trust Deed.
Events of Default	As listed in the Debt Redemption Trust Deed.
Reporting Covenants	As listed in the Debt Redemption Trust Deed.
Financial Covenants	<ul style="list-style-type: none"> <li>The Borrower shall maintain at all times a ratio of Total Debt to Equity, of not greater than <ul style="list-style-type: none"> <li>- 7 to 1 at all times if the PAR&gt;30 is less than or equal to 2%;</li> <li>- 6 to 1 at all times if PAR &gt; 30 is greater than 2% but less than 5%;</li> </ul> </li> <li>Minimum capital ratio of Tier-I Capital and Tier-II Capital to aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items shall not be less than 15% (fifteen per cent) or as per the regulatory minimum prescribed by the Reserve Bank of India under the NBFC Master Directions, whichever is higher. For the purpose of calculation of minimum capital ratio: (i) first loss credit enhancements provided by the Borrower on securitization shall be reduced from Tier-I Capital and Tier-II Capital without any ceiling. (ii) Credit enhancements provided by the Borrower on loans originated on behalf of other institutions shall be reduced from Tier-I Capital and Tier-II Capital without any ceiling. The deduction shall be made at 50 per cent from Tier I Capital and 50 per cent from Tier II Capital. (iii) It is also clarified that in computing the amount of subordinated debt eligible for inclusion in Tier - II Capital, the aforementioned subordinated debt shall be subject to discounting as prescribed by RBI;</li> <li>The borrower shall maintain a quarterly interest service coverage ratio calculated as earnings before interest, taxes, depreciation and amortization to interest expenses of not less than 1.2 x (times);</li> <li>The borrower shall maintain at all times the net cumulative negative mismatches (both inflows and outflows) in the maturity buckets 1-14 days and 15-30 days buckets should not</li> </ul>

*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 investment 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.*

	<p>exceed 10% and 20% of the cumulative cash outflows in the respective time buckets;</p> <ul style="list-style-type: none"> <li>• The borrower shall inform the lender of all additional borrowings as well as the amortization schedule of principle to be repaid for the subsequent 3 quarters on a quarterly basis;</li> <li>• PAR&gt;30 not to increase greater than 5% of Gross Loan Portfolio;</li> <li>• PAR&gt;90 not to increase greater than 2% of Gross Loan Portfolio;</li> <li>• The Borrower shall maintain at all times Loan Loss Reserve to 90 days portfolio at risk not less than 100%;</li> <li>• The Borrower shall maintain annual write-offs to gross loan portfolio not to increase greater than 1%;</li> <li>• The Borrower shall maintain at all times a ratio of rescheduled or restructured portfolio to gross loan portfolio not to increase greater than 1%;</li> <li>• At any point in time the total Gross Loan Portfolio which is off-balance sheet through securitization, direct assignment or Business Correspondent (BC) Agreement should not exceed more than 40% of the borrower's overall loan portfolio. Furthermore, the cash collateral on the BC portfolio should not exceed 5% of the total managed BC portfolio. This covenant will be amended if during the term of the loan RBI issues specific guidelines. The Borrower shall maintain a positive year end ROA (rate of return on the average assets for the period) and ROE (rate of return for the average equity for the period);</li> <li>• The NCD issuance will be unrated at the time of issuance. Issuance to be rated within 60 days from date of issuance. In case of downgrade in Credit Rating for the borrower from the current BBB- by two or more notches, the lender shall have the right to recall the lending. The credit rating of the Borrower should be from a mutually acceptable credit rating agency. In case of such a rating downgrade event and upon any Subscriber calling upon the Issuer to redeem the NCD, then the Issuer shall have a cooling period not exceeding 45 days from the date of such rating downgrade ("Cooling Period") and upon expiry of such Cooling Period, the Company shall compulsorily redeem the Debentures identified in the Early Redemption Option Exercise Notice by crediting to the beneficiary account of each Debenture Holder on the relevant</li> </ul>
--	---

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 and not as an agent. 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.


For Satya MicroCapital Ltd.

  
Sanjay Goel  
Head Finance

	<p>Record Date available funds an amount that is equal to the Redemption Amount under the Debentures;</p> <ul style="list-style-type: none"> <li>The borrower shall at all times maintain the absolute value of the net open aggregate currency position of no greater than 25% with the net open aggregated currency position being the ratio of Absolute value (Foreign Currency Assets minus Foreign Currency Liabilities) divided by Equity</li> </ul> <p>The detailed calculation of this ratio must be as follows:</p> <p>[absolute value (FCY 1 Assets – FCY 1 Liabilities) + absolute value (FCY 1 Assets – FCY 1 Liabilities) + Etc. for each foreign currency] divided by Equity.</p> <p>Total Debt calculation will not include TIER II Borrowings (as defined by the Guidelines on Implementation of Basel III Capital Regulations in India)</p> <p>Debt to Equity calculated as (Short-term borrowings + Current Portion of long-term debt + Long-Term Debt + Bank Overdraft) / Total Equity</p> <p>Interest service coverage ratio calculated as earnings before interest, taxes, depreciation and amortization to interest expenses</p> <p>Write-offs to gross loan portfolio calculated as the total value of write-offs for the year divided by the average gross loan portfolio over that period</p> <p>Loss Reserve to 90 days portfolio at risk calculated as % of total loan loss reserve divided by the value of the outstanding principal value of the Borrower's portfolio that has one or more installment of principal, interest, penalty interest, fee or any other expected payments overdue for 90 days or more and includes restructured loans</p> <p>Rating Downgrade Event In the event that the rating assigned to the Debentures, falls by 2 notch or more from any credit rating agency</p> <p>Early Redemption Notice Upon the occurrence of a Rating Downgrade Event, the Company shall forthwith promptly issue a notice to the Debenture Holders and Debenture Trustee, informing such Debenture Holders and Debenture Trustee about the occurrence of the Rating Downgrade Event</p> <p>Early Redemption Option Exercise Notice In the event that any Debenture Holder is desirous of exercising the Rating Downgrade Event, the said Debenture Holder shall issue a notice to the Company (with a copy marked to the Debenture Trustee), in writing, within a maximum period of 45 (Forty Five) Business Days from the receipt of Early Redemption Notice</p>
Transaction documents	<p>Debenture Trust Deed, Hypothecation Agreement, Hypothecation Confirmation Letter, [Undertaking(s), Disclosure Documents,</p>


*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 various risks and benefits of entering into such transaction. You should also consider seeking advice from your own adviser in making this assessment.*

For Satya MicroCapital Ltd. <sup>6</sup>

  
Sanjay Goel  
Head Finance

	<p>Resolutions, the letters issued by the Rating Agency and the Registrar and all other documents in relation to the issuance of the Debentures.</p> <p>Disclosure Documents means collectively,</p> <p>(a) private placement offer letter to be issued by the Issuer in terms of section 42 (<i>Offer or invitation for subscription of securities on private placement</i>) of the Companies Act, 2013.</p> <p>Resolutions means collectively,</p> <p>(a) special resolution of the shareholders of the Company under Section 180(1)(a) of the Companies Act, 2013;</p> <p>(b) special resolution of the shareholders of the Company under Section 180(1)(c) of the Companies Act, 2013;</p> <p>(c) board resolution of the board of directors of the Company under Section 42 and other applicable provisions of the Companies Act, 2013 and Rules thereunder;</p> <p>(d) special resolution of the shareholders of the Company under the applicable provisions of the Companies Act, 2013 and Rule 14(2) and other applicable provisions of Companies (Prospectus and Allotment of Securities) Rules, 2014.</p>
Other Costs & Conditions	<p>The Issuer shall bear the costs and expenses incurred in connection with the transactions contemplated hereby including stamp duty and registration fee (if applicable) on the Transaction Documents (and the Debentures), appointment of the Debenture trustee, legal advisors' expenses and expenses incurred in the preparation for the Transaction Documents.</p>
Governing Law and Jurisdiction	<p>Indian Law with jurisdiction of the courts and tribunals of Mumbai.</p>

For Satya MicroCapital Ltd.

  
Sanjay Goel  
Head Finance

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 in our'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 up your mind as to 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.

**Northern Arc Subscription Redemption Schedule**

Interest/Principal Payment Dates	Principal	Interest (Gross)	Total (Gross)
18-Sep-19			(24,98,30,000)
15-Dec-19	-	81,91,686	81,91,686
15-Mar-20	-	84,47,803	84,47,803
15-Jun-20	-	85,40,637	85,40,637
15-Sep-20	8,32,76,667	85,40,637	9,18,17,303
15-Dec-20	-	56,31,869	56,31,869
15-Mar-21	-	55,85,241	55,85,241
15-Jun-21	-	57,09,357	57,09,357
15-Sep-21	4,16,38,333	57,09,357	4,73,47,690
15-Dec-21	-	42,35,474	42,35,474
15-Mar-22	4,16,38,333	41,88,930	4,58,27,264
15-Jun-22	-	28,54,679	28,54,679
15-Sep-22	-	28,54,679	28,54,679
30-Sep-22	8,32,76,667	4,65,437	8,37,42,103

For Satya MicroCapital Ltd.

  
Sanjay Goel  
Head Finance

*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 of 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.*