



April 13th, 2022

Dear Mr. Maheshwari,

FINAL TERM SHEET

Thank you for your interest in working with BlueOrchard Finance Ltd. ("**BlueOrchard**" or the "**Fund Manager**") to support your funding needs for FY2022-2023. We would be pleased to assist Fusion Micro Finance Limited ("**Fusion**" or the "**Issuer**") through funding from the BlueOrchard Microfinance Fund ("**BOMF**" or the "**Subscriber**"), managed by BlueOrchard.

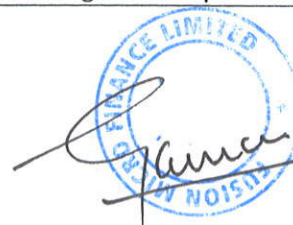
Please find below final terms and conditions upon which we would be prepared to provide financing. This Final Term Sheet is neither binding on the Subscriber or Fund Manager, nor a commitment to lend, but merely a summary of terms and conditions that the Fund Manager, on behalf of the Subscriber, considers appropriate for a facility of this nature under current market conditions. The tentative terms and conditions provided in this letter are valid for a period of four months from the date of this letter, unless extended by the Fund Manager, at its sole discretion, in writing.

Issuer	Fusion Micro Finance Limited (Formerly Fusion Micro Finance Private Limited)
Subscriber	BlueOrchard Microfinance Fund
Fund Manager	BlueOrchard Finance Ltd.
Facility	Unlisted Non-convertible Debenture – VRR (depending on the availability of VRR limits)
Name of the Instrument	Fusion Microfinance Series R NCDs
Commitment	Up to INR 1450 million (equivalent of approximately USD 20 million).
Currency	Indian Rupees (INR)
Disbursement Date	April or May 2022
Maturity	Up to 60 months
Put / Call Option	At the end of 36 months
Listing	Unlisted
Amortization	Bullet Repayment
Interest Rate	At least 10.3500% per annum net of withholding tax as applicable. The interest rate is the net rate (and is exclusive of current withholding tax rate of 5.4600%) and the debenture trust deed will include language to protect the Subscriber

	<p>against increases in the withholding tax rates. At the prevailing tax rate, the gross interest rate inclusive of withholding taxes would 10.9477% per annum.</p> <p>Note: The interest rate is subject to change if hedging costs increase and should the USD return fall below the Fund's minimum return requirement.</p>
Interest Payments	Semi-annually
Upfront Fee	None
Other Costs	Any issue related expenses including rating, Subscribers legal counsel fees, trustee, stamp duty and other costs associated with the issuance of the NCDs will be borne by the Issuer.
Voluntary Prepayment	Not earlier than 12 months from the date of the transaction documents, the Issuer may prepay the outstanding principal amount in full or in part on an interest payment date. On such date, the Issuer shall pay the principal amount, all accrued interest, a prepayment fee of 2.00% on the principal amount, any breakage costs and any legal or other fees incurred as a result of the voluntary prepayment or otherwise. Amounts repaid or prepaid cannot be re-borrowed.
Penalty Interest Rate	At any time there is a payment default of any amount or principal, interest, fees or other obligations due (whether by acceleration, at maturity or otherwise) or an event of default, the issuer shall pay an additional interest rate of 2.00% p.a. above the Interest Rate on the outstanding principal amount until such default is cured.
Hedging Arrangement	<p>The Subscriber shall enter into a hedging instrument with a third-party counterparty in order to provide this Facility.</p> <p>Any costs associated with the early termination of the hedge arrangement shall be borne by the Issuer.</p>
Security	<p>Hypothecation of book debt maintained at all times at 100% of principal and interest outstanding with exclusivity on such security interest.</p> <p>Reporting of loan receivables and security top-up on a monthly basis.</p> <p>Creation of charge to be completed within 60 days from the deemed date of allotment. Security perfection to be completed within 30 days from the creation of charge.</p> <p>Underlying loans forming party of the security must be unencumbered and may not be overdue for more than 30 days. The MFI will replace ineligible loans on a monthly</p>



	<p>basis. After the first 12 months from the disbursement, underlying loans must be unencumbered and may not be overdue.</p> <p>Perfection of modification of charge to be completed on an annual basis.</p>
Restrictions on Dividends	<p>The Issuer shall not declare or pay any dividend, make a cash distribution or pay other consideration to its shareholders (other than dividends or distributions payable in shares of the Issuer), unless: (i) the proposed payment or distribution is made from positive retained earnings of the Issuer (excluding any amount resulting from the revaluation of any of the Issuer's assets) from the previous financial year for which the dividends or distributions were declared; and (ii) no Event of Default or Potential Event of Default has occurred or is ongoing. (iii) after giving effect to any such action the Issuer is in compliance with the financial covenants.</p>
Condition precedent	<p>Conditions precedent shall include, but are not limited to, the following:</p> <p>Submission of executed legal documents including but not limited to:</p> <p>Information Memorandum</p> <p>Debenture Trust Deed</p> <p>Deed of Hypothecation</p> <p>Debenture Trust Agreement</p>
Financial Covenants	<p>Covenants shall include, but are not limited to, the following:</p> <ul style="list-style-type: none"> • The Issuer shall at all times maintain a ratio of the sum of (x) Portfolio at Risk over 30 days + Restructured Loans (excluding COVID related restructured loans as prescribed by the RBI) + Net Charge-Offs during the last 12 months divided by (y) the Outstanding Gross Loan Portfolio of no greater than 15% until and including September 30th 2022 and no greater than 12% thereafter. • The Issuer shall at all times maintain a ratio of the (x) Loan Loss Reserves divided by (y) the Portfolio At Risk over 90 days plus Restructured Loans (excluding COVID related restructured loans as prescribed by the RBI) of no less than 100%. • The Issuer shall at all times maintain a Capital Adequacy Ratio, calculated according to the Capital



	<p>Adequacy Standards as established by Reserve Bank of India, of at least 15%.</p> <ul style="list-style-type: none"> The Issuer shall maintain the Return on Assets (ROA) ratio net of Donations greater than 0% over a period comprising the preceding twelve months. The Issuer shall at all times maintain the sum of the (x) Absolute Value of the Net Open Foreign Currency Position aggregate for all currencies divided by (y) Equity of no greater than 50%. <p>The detailed calculation of this ratio must be as follows:</p> <p>[absolute value (Foreign Currency 1 assets – Foreign Currency 1 liabilities + off balance sheet hedges in Foreign Currency 1) + absolute value (Foreign Currency 2 assets – Foreign Currency 2 liabilities + off balance sheet hedges in Foreign Currency 2) + absolute value (Foreign Currency 3 assets – Foreign Currency 3 liabilities + off balance sheet hedges in Foreign Currency 3) + etc. for each Foreign Currency]</p> <p>divided by Equity</p>
Reporting Covenants	<p>Monthly and Quarterly Reports to be provided by the Issuer in the standard format provided by the Subscriber within 25 (twenty Five) calendar days from the end of each month and quarter respectively as long as there is no breach of SEBI's Insider Trading regulations.</p> <p>Reporting will shift to a quarterly basis post the completion of the company's listing on public markets. Quarterly reports to be provided within 60 (sixty) calendar days from the end of each quarter .</p>
Legal Fees	<p>A legal opinion in respect of the laws of the jurisdiction of the Issuer will be required and associated legal costs shall be borne by the Issuer.</p>

This Final Term Sheet is not an offer, commitment or agreement to lend or provide financing to Fusion, it is for discussion purposes only and is subject to change without notice. Please note that it only summarizes some of the terms and conditions which may be reflected in final documentation and that nothing herein obliges the Subscriber or its affiliates to provide, arrange or syndicate any credit or other financing in favour of the Issuer or its affiliates. Proposed Interest Rate in this Final Term Sheet is based on the credit markets as of today, and on the current evaluation we have of your institution. The final offer will be subject to our due diligence of Fusion, all necessary approvals, including credit



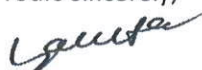
approvals, of the Fund Manager and the Subscriber and market conditions at the time of disbursement. As a result of these, actual terms at the time of closing may differ from those indicated herein.

This Final Term Sheet is for the confidential use of Fusion only and is not to be reproduced, used for any other purpose, nor disseminated to any other parties without the prior written consent of the Fund Manager.

We would welcome your feedback and be pleased to discuss this Final Term Sheet with you in further detail. Should you wish to proceed, please kindly confirm to us via email or in writing and by returning this Final Term Sheet with your signature, to allow us to start cooperating with you in order to best meet your funding needs.

We look forward to collaborating with you.

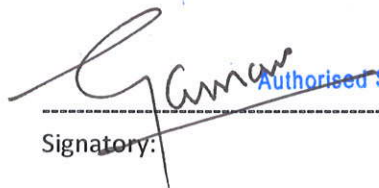
Yours sincerely,



Yan Kit Lee
Head of Origination, Asia
BlueOrchard Finance Ltd.

Acceptance by Fusion Micro Finance Limited (Formerly Fusion Micro Finance Private Limited)

FUSION MICRO FINANCE LIMITED



Authorised Signatory

Signatory:

Date: