



Suchindran VG

Veritas Finance Pvt Ltd
2nd Floor, "Economist House", S-15
Thiru Vi Ka Industrial Estate, Guindy,
Chennai – 600032, Tamil Nadu, India

Phnom Penh, March 12, 2019

Dear Suchindran,

FINAL TERM SHEET

Thank you for your interest in working with BlueOrchard Finance Ltd. ("**BlueOrchard**" or the "**Fund Manager**") to support your funding needs. We would be pleased to support Veritas Finance Private Limited ("**Veritas**" or the "**Issuer**") through funding from the Microfinance Initiative for Asia (MIFA) Debt Fund ("**MIFA**") and BlueOrchard Microfinance Fund ("**BOMF**") (the "**Subscriber**"), managed by BlueOrchard.

Please find below final terms and conditions upon which we would be prepared to provide financing via subscription to non-convertible debentures ("NCDs") to be issued by Veritas. This final term sheet is neither binding on the Subscribers or Fund Manager, nor a commitment to lend, but merely a summary of terms and conditions that the Fund Manager, on behalf of the Subscribers, considers appropriate for a facility of this nature under current market conditions. The final terms and conditions provided in this letter are valid for a period of two months from the date of this letter, unless extended by the Fund Manager, at its sole discretion, in writing.

Issuer	Veritas Finance Private Limited
Subscribers	1) Microfinance Initiative for Asia (MIFA) Debt Fund; and 2) BlueOrchard Microfinance Fund
Fund Manager	BlueOrchard Finance Ltd.
Facility	Listed Non-convertible Debenture
Commitment	1) Up to INR 40 Crores (equivalent of approximately USD 5.7 million) 2) Up to INR 40 Crores (equivalent of approximately USD 5.7 million)
Currency	Indian Rupees (" INR ")
Disbursement Date	March 2019
Maturity	54 months
Put/Call Option	Put/Call option at the end of 18 and 36 months. Required notification period of 15 calendar days.
Amortization	None
Upfront fee	None
Interest Rate	At least 11.8648% p.a. 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

	<p>protect the Subscribers against increases in the withholding tax rates. At the prevailing tax rate, the gross interest rate inclusive of withholding taxes would be 12.5500% p.a.</p> <p>The above interest rate would be applicable until the exercise date of the put / call option – i.e. for the first 18 months of the NCDs term. The interest rate is subject to possible reset (see note below).</p> <p>Note: The interest rate is subject to change if hedging costs increase and should the USD return fall below any of the Subscribers minimum return requirement.</p>
Interest Payments	Semi-annually
Coupon Reset	Coupon reset at the end of 18 months and 36 months
Coupon Reset Notification Period	15 calendar days ahead of the Coupon Reset date
Other Costs	Any issue related expenses including rating, listing, 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	Voluntary prepayment shall not be permitted.
Penalty Interest Rate	At any time there is a payment default of any amount of 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 Subscribers shall enter into hedging agreements with third parties in order to provide the Facility. Any costs associated with the early termination of a hedge agreement shall be borne as follows:</p> <ul style="list-style-type: none"> the Subscribers shall bear the breakage costs in the following events: (i) deadlock between the Subscribers and (ii) if it becomes illegal solely for Subscribers to hold the NCDs the Issuer shall bear the breakage costs if it arises following the occurrence of an event of default or when it becomes illegal for the Issuer to have the NCDs outstanding/listed or due to any premature redemption. <p>The hedge breakage costs shall be limited to 2.5% of the total face value of the outstanding NCDs.</p>
Restrictions on Dividends	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.
Security	<p>Hypothecation of book debts/receivables maintained at all times at 100% of aggregate principal and interest outstanding. Security creation and perfection required as per laws and regulations.</p> <p>Reporting of loan receivables and security top-up on a monthly basis.</p>
Conditions Precedent	<p>Conditions precedent shall include, but are not limited to, the following:</p> <p>In-principle approval of the stock exchange for listing of NCDs</p>
Conditions Subsequent	<p>Conditions subsequent shall include, but are not limited to, the:</p> <p>Listing of NCDs within 7 calendar days of the deemed date of allotment of the NCDs</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 Capital Adequacy Ratio, calculated according to the Capital Adequacy Standards as established by Reserve Bank of India, of at least 16% (or 100 bps above the regulatory requirement). • The Issuer shall at all times maintain a ratio of the sum of (x) Portfolio At Risk over 90 days + Restructured Loans + Net Charge-Offs during the last 12 months divided by (y) the Outstanding Gross Loan Portfolio of not greater than 7%. • The Issuer shall at all times maintain a ratio of the sum of (x) Loan Loss Reserves + 50% of mortgage property value of loans delinquent over 90 days divided by (y) Portfolio At Risk over 90 days of greater than 100%. • The Issuer shall at all times maintain a ratio of Return on Assets, net of Donations, greater than 0% over a period comprising the preceding twelve months. • The Issuer shall at all times maintain the absolute value of the net open aggregated currency position of no greater than 50% with the net open aggregated currency position being the ratio of Foreign-Currency Assets minus Foreign-Currency Liabilities divided by Equity. <p>The detailed calculation of this ratio must be as follows: [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] divided by Equity.</p>

Other terms and conditions	Other terms and conditions include: customary representation, warranties, covenants and events of default, all in a form satisfactory to the Subscribers and their legal counsel.
Taxes and Government Charges	Any taxes and government charges and/or registration charges, including taxes on interest paid to Subscriber, are to be for the account of the Issuer, so that the Subscriber shall receive the entire amount of such interest, fees or costs without any deductions.
Legal Fees	A Legal Counsel is to be appointed by the Subscribers. A legal opinion covering the transaction must be provided to the Fund. All legal fees are to be borne by the Issuer.

This final term sheet is not an offer, commitment or agreement to lend or provide financing to Veritas; 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 obligates the Subscribers or its affiliates to provide, arrange or syndicate any credit or other financing in favour of the Issuer or its affiliates. Pricing 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 Veritas, all necessary approvals, including credit approvals, of the Fund Manager and the Subscribers 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 Veritas 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,



Grant Norris

**Senior Vice President, Regional Manager / Asia
BlueOrchard Finance Ltd.**

Acceptance by Veritas Finance Private Limited

Name:

Date: