



# BlueOrchard

Impact Investment Managers

NeoGrowth Credit Pvt. Ltd.  
503, Tower 2B,  
One India Bulls Centre,  
841 S.B. Marg,  
Mumbai - 400 013, India

Phnom Penh, July 28, 2017

Dear Mr. Ravi Kumar,

## 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 FY 2017-18. We would be pleased to assist NeoGrowth Credit Pvt. Ltd. ("NeoGrowth" or the "Issuer") through funding from the BlueOrchard Microfinance Fund ("BOMF" or the "Subscriber"), managed by BlueOrchard.

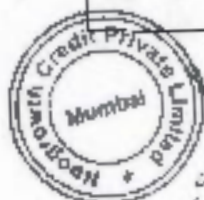
Please find below final terms and conditions upon which we would be prepared to provide financing. This Final Term Sheet is neither binding on the Subscriber or Fund Manager, nor a commitment to lend, but merely a summary of terms and conditions that the Fund Manager, on behalf of the Subscriber, considers appropriate for a facility of this nature under current market conditions. The final 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	NeoGrowth Credit Pvt. Ltd.
Subscriber	BlueOrchard Microfinance Fund (BOMF)
Fund Manager	BlueOrchard Finance Ltd.
Facility	Listed Non-convertible Debenture
Commitment	Up to INR 50.6 Crores (equivalent of approximately USD 8 million)
Currency	Indian Rupees ("INR")
Disbursement Date	August 2017
Maturity	60 months
Put/Call option	Put/Call option at the end of 36 months
Amortization	None
Interest Rate	At least 11.9181% p.a.  The interest rate is the net rate (and is exclusive of current withholding tax rate of 5.4075%) and the debenture trust deed will include language to protect the Subscriber against increases in the withholding tax rates. At the prevailing tax rate, the gross interest rate inclusive of withholding taxes would be 12.60% p.a.  The above interest rate would be applicable until the exercise date of the put / call option - i.e for the first 36 months of the NCD term. The rate could be reset thereafter.  Note: The interest rate is subject to change if hedge costs increase and should the USD return fall below BOMF's minimum return requirement.
Interest Payments	Semi-annually



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Upfront Fee	None
Other Costs	Any issue related expenses including rating, listing, legal, trustee, stamp duty and other costs associated with the NCD Issuance 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 3.00% 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 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 3.00% p.a. above the Interest Rate on the outstanding principal amount until such default is cured.
Hedging Arrangement	The Subscriber shall enter into a hedging instrument with a third-party counterparty in order to provide this Facility.  Any costs associated with the early termination of the hedge arrangement shall be borne by the Issuer.
Security	Hypothecation of book debt maintained at all times at 110% of principal outstanding (with at least 100% coverage by principal receivable and the remaining by interest receivable on pledged loans).  Reporting of loan receivables and security top-up on a monthly basis.
Financial Covenants	Covenants shall include, but are not limited to, the following: <ul style="list-style-type: none"> <li>▪ The Issuer shall at all times maintain the ratio of the sum of (x) Portfolio At Risk over 30 days LSD + Restructured Loans + Net Charge-offs during the last 12 months divided by (y) the Outstanding Gross Loan Portfolio of not greater than 12%.</li> <li>▪ The Issuer shall at all times maintain a ratio of the sum of (x) Portfolio At Risk DMP (days of non payment) over 15 days divided by (y) the Outstanding Gross Loan Portfolio of not greater than 5%.</li> <li>▪ The Issuer shall at all times maintain the ratio of (x) Loan Loss Reserves divided by (y) Portfolio At Risk over 90 days LSD of more than 100%.</li> <li>▪ 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 15%.</li> <li>▪ The Issuer shall at all times maintain the Return On Assets (ROA) ratio over the last twelve months of no less than 0%.</li> </ul>



*Stamp on*

	<ul style="list-style-type: none"> <li>• The Issuer shall maintain a ratio of (x) monthly actual collections made on the GLP divided by (y) total expected collections for the same period of no less than 90%.</li> <li>• The Issuer shall at all times maintain the sum of the absolute value of the ratio for each single currency, other than the Local Currency, of (x) Foreign Currency Assets of such currency minus Foreign Currency Liabilities of such currency divided by (y) Equity of no greater than 75%.</li> </ul> <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)</p> <p>+ absolute value (Foreign Currency 2 assets – Foreign Currency 2 liabilities + off balance sheet hedges in Foreign Currency 2)</p> <p>+ absolute value (Foreign Currency 3 assets – Foreign Currency 3 liabilities + off balance sheet hedges in Foreign Currency 3)</p> <p>+ etc. for each Foreign Currency ] divided by Equity</p>
<b>Legal Fees</b>	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

This Final Term Sheet is not an offer, commitment or agreement to lend or provide financing to NeoGrowth; 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 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 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 NeoGrowth 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.

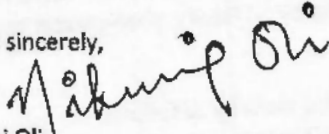
We would welcome your feedback and be pleased to discuss this Final Term Sheet with you in further detail. Should you wish to proceed, please kindly confirm to us via email or in writing and by returning this Final Term Sheet with your signature, to allow us to start cooperating with you in order to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



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We look forward to collaborating with you.

Yours sincerely,



Nikunj Oli  
AVP Investment Officer – Phnom Penh Office  
BlueOrchard Finance Ltd.

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**COMMITMENT TO PURSUE ISSUANCE OF NCD TO BOMF**

NeoGrowth Credit Pvt. Ltd. acknowledges the receipt of the Final Term Sheet sent by BlueOrchard Finance Ltd. and agrees to pursue, in good faith, the NCD issuance for subscription by the BlueOrchard Microfinance Fund.

Signed: \_\_\_\_\_

Title: Chief Financial Officer  
(CFO)

Date: 29th July 2017

