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**NeoGrowth Credit Pvt. Ltd.**  
501, Tower 28, One Indiabulls Centre  
841, S.B. Marg,  
Mumbai 400 013

Mumbai, 11 August 2017

## Indicative Term Sheet

Dear Mr. B Ravi Kumar,

We are pleased to make available to NeoGrowth Credit Pvt. Ltd, the following indicative non-binding term sheet with details as follows:

Issuer:	NeoGrowth Credit Pvt. Ltd ("NeoGrowth")
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:	Up to INR 65 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:	<p>Coupon rate will be at minimum 13.2% p.a for the first 12 (twelve) months and 12.8% p.a subsequently. The coupon rate is gross of withholding tax (INR fixed), payable semi-annually from the Deemed Date of Allotment until the first Coupon Reset Date.</p> <p>The rate is subject to the maximum hedging costs of 4.5% at the time of disbursement.</p> <p>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.</p>
Coupon Reset Dates	At the end of 36 months from the Deemed Date of Allotment
Coupon Rate Reset Mechanism	The Coupon Rate will be reset on the 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 maturity, 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 12 (twelve) business days prior to the Coupon Reset Date.

The Trustee shall communicate the new Coupon Rate, so determined, to the Issuer at least 11 (eleven) business days before the Coupon Reset Date.

Without prejudice to the foregoing, the Majority Debenture Holders reserve the right to further amend the Coupon Rate and communicate the same via a written notice to the Company, with a copy marked to the Debenture Trustee, at any time on or before 5 (five) business days prior to the 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. The decision to exercise the put or call option will be reached independently by either party, and shall be communicated at least 4 (four) business days before the Coupon Reset Date.

Interest payments:

Payable semi-annually in arrears

Repayment type:

The NCD amount is payable bullet at the end of the Maturity

Covenants:

Capital Adequacy Ratio minimum of 20%

- [Days Past Due<sup>1</sup> more than Ninety (90) + Refinanced, restructured and rescheduled loans, not included in Days Past Due more than Ninety (90) + Write offs (in the preceding 12 months)] / Gross Loan Portfolio shall be less than 8%
- [Open Loan Position: (Days Past Due More Than Ninety<sup>1</sup> (90) + Refinanced, restructured and rescheduled loans, not included in Days Past Due more than Ninety (90) - Loan Loss Reserve)] / Regulatory Capital shall be less than a) 30% until 31<sup>st</sup> December 2017 and b) 20% thereafter

<sup>1</sup> (Expected cumulative collection to date – actual cumulative collection to date) / (Original repayment amount/ Tenure in days)





- Open Currency Position as a percentage of equity: -50%/+150%

#### Security

The NCDs would from the end of the twelfth month from the date of allotment be secured by the creation of a first ranking exclusive charge on the small business loan receivables with a cover of 1.0 times 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.

#### 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, NeoGrowth'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 NeoGrowth 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 NeoGrowth 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. Céline Georges-Picot  
Head Debt Financial Institutions - Asia Pacific  
11.08.2017

Mr. Jaskirat S. Chadha  
Senior Investment Officer  
11.08.2017

