



Corporate Office :
Eco Space Business Park
Tower - 4B, 4th Floor, Room No. 403
Newtown, Rajarhat, Kolkata - 700160
West Bengal, India

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TERM SHEET

Issuer	Village Financial Services Limited
Base Issue Size	50 Crores
Option to retain oversubscription	NIL
Type of Instrument	Secured, Redeemable, Non-Convertible, Rated, Listed, Taxable Debentures
Type of Issue	Private Placement
Nature of Instrument	Secured
Series	VFS/20-21/001
Issuance Mode	In Demat mode only
Trading Mode	In Demat mode only
Objects of the Issue	The proceeds of the Debentures shall be utilised by the Company for the purpose of repayments of existing loans availed by the Company
Utilization of Issue Proceeds	End use of Funds shall be repayment of existing loans. The Issuer shall submit the details of repayment in prescribed format before the subscription. Further, the Issuer shall submit a certificate in prescribed format confirming the end use of funds not later than one month from disbursement.
Security	<p>The Debentures shall be secured by way of a first ranking, pari passu and continuing charge on identified receivables ("Hypothecated Receivables") created pursuant to the deed of hypothecation to be executed between the Company and the Debenture Trustee as described herein. The Issuer undertakes:</p> <ul style="list-style-type: none">to maintain the value of security at all times equal to 1.25 times or 125% of the aggregate amount of principal outstanding of the NCDs ("Security Cover") over common pool of receivables (excluding MSME PSL assets and Commercial Paper assets).to replace any slippage in loan receivables specifically charged to us with standard receivables. Asset coverage ratio will be maintained at 1.25 times at all times during the currency of the NCDs.to create the security over the Hypothecated Assets as contemplated above on or prior to the Deemed Date of Allotment by executing a duly stamped deed of hypothecation ("Deed of Hypothecation") and to perfect and register the security (including filing CHG-9) within the time period applicable and no later than 30 days from the date of execution of the Deed of Hypothecation.to provide a CA certificate on a monthly basis & Debenture Trustee, ensuring adequate charge on loan receivables/identified book debts to the Debenture Trustee over which the charge is created and subsisting by way of hypothecation in favour of the Debenture Trustee (for the benefit of the Debenture Holders) ("Monthly Hypothecated Asset Report"). The certificate to be shared on 20th of succeeding month for the previous monthto add fresh loan assets to the Security Cover to ensure that the value of the Hypothecated Assets is equal to

Village Financial Services Limited

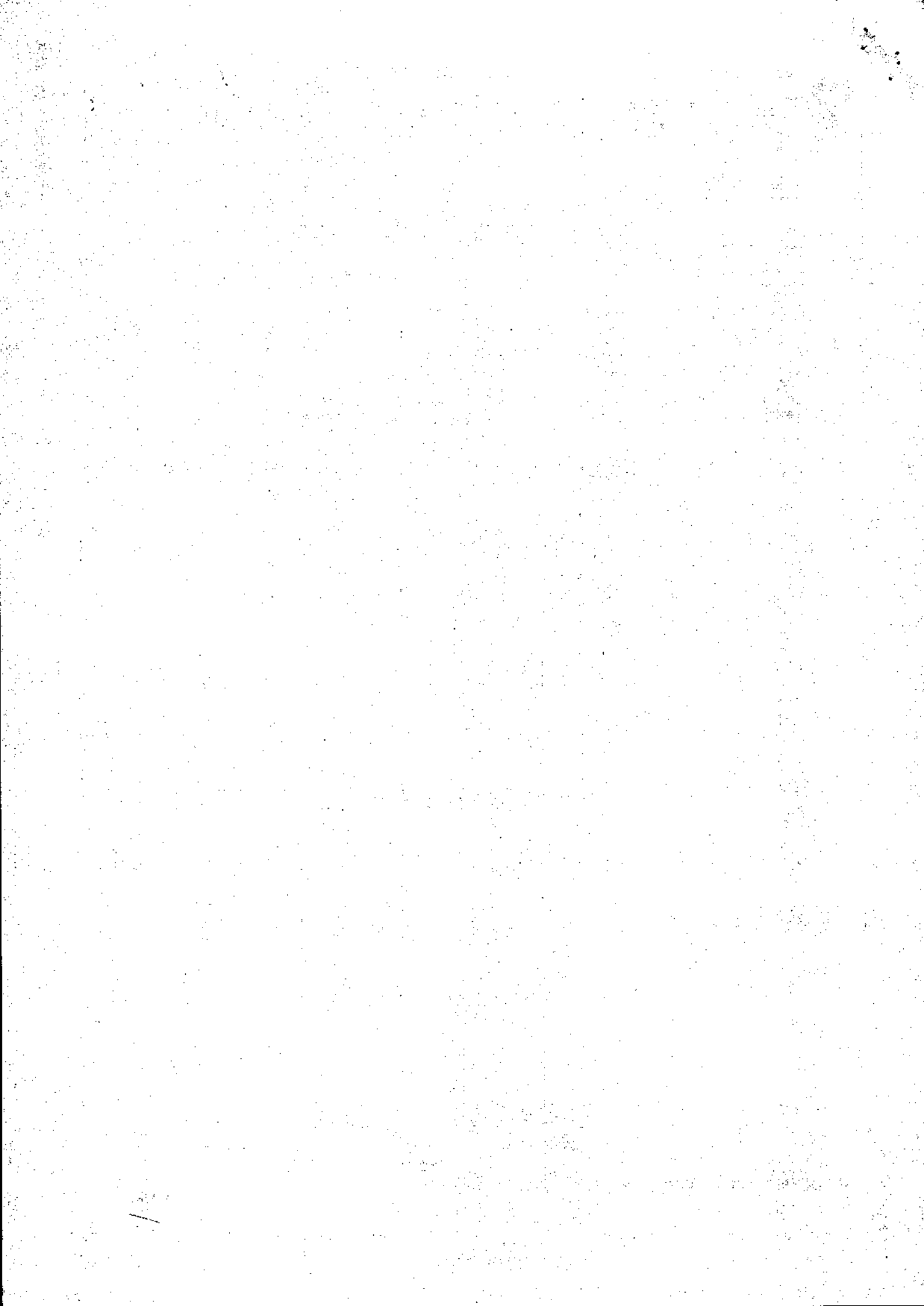
CIN : U51109WB1994PLC063746

Registered Office : Village Tower, F-15 Geetanjali Park, 18/3A Kumud Ghoshal Road, Ariadaha, Kolkata - 700057, West Bengal, India

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	<p>1.25 times or 125% (One Hundred Twenty Five Percent) of the aggregate amount of principal outstanding of the NCDs</p> <p>Eligibility Criteria for the Hypothecated Receivables:</p> <ul style="list-style-type: none"> • the receivables are existing at the time of selection and have not been terminated or pre-paid; • the receivables have not been restructured or rescheduled • all "Know Your Customer" norms have been complied with as prescribed by the Reserve Bank of India; • It is clarified that the assets would be 'current' on inclusion and replacement of receivables (to be carried out within 30 calendar days) would be upon becoming NPA (i.e. on crossing 90DPD); • Each client loans must satisfy the Issuer's credit and underwriting policies, including credit referencing agency checks where commonly used; • Each client loan must be directly originated by the Issuer and not loans purchased from a third party; • All loans hypothecated under the deed of hypothecation comply with RBI norms and guidelines
Seniority	Senior
Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of such objects	Nil
Listing	Unlisted
Trustees	SBICAPTrustee Company Ltd.
Credit Rating	Acuité Ratings & Research Limited
Credit Enhancement	Nil
Face Value	Rs. 10 Lakhs per debenture
Premium on issue	Nil
Discount on issue	Nil
Issue Price	At par, Rs. 10 Lakhs per Debenture
Premium on redemption	Nil
Discount on redemption	Nil
Minimum Application	10 Debentures
Tenor	90 days from the deemed date of allotment
Put Option	None





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Put Option Price	Not Applicable
Put Option Date	Not Applicable
Put Notification Time	Not Applicable
Call Option	None
Call Option Price	Not Applicable
Call Option Date	Not Applicable
Call Notification Time	Not Applicable
Coupon Rate	10.50% per annum
Redemption/ Maturity Amount	At Par
Redemption Date	16th December , 2020
Step Down / Step Up Coupon Rate	None
Coupon Payment Frequency	Annually. Accrued Coupon will be paid on the Redemption Date i.e. 90 days from the Deemed Date of Allotment
Coupon Payment Dates	16th December , 2020
Coupon Type	Fixed
Coupon Reset	None
Day Count Basis	Actual/Actual
Issue Timing	11.00 a.m. to 1.00 p.m.
1. Issue Opening Date	15 th September, 2020
2. Issue Closing Date	15 th September , 2020
3. Pay-in Date	17 th September, 2020
4. Deemed Date of Allotment	17 th September, 2020
Default Interest Rate	In case of default in payment of Interest and/or principal redemption on the due dates, additional interest of 2% (Two percent) p.a. over the coupon rate shall be payable by the Company for the defaulting period.
Settlement Mode	Payment of interest and repayment of principal shall be made by way of cheque(s)/ credit through RTGS/ Electronic Fund Transfer or any other electronic mode offered by the Banks
Settlement Cycle for EBP	Not Applicable





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Depositories	NSDL / CDSL
Registrar	Link Intime India Private Limited
Business Day Convention	<p>'Business Day' shall be a day on which commercial banks are open for business in the city of Mumbai, Maharashtra and when the money market is functioning in Mumbai. If the date of payment of interest/redemption of principal does not fall on a Business Day, the payment of interest/principal shall be made in accordance with SEBI Circular CIR/IMD/DF-1/122/2016 dated November 11, 2016.</p> <p>If any of the Coupon Payment Date(s), other than the ones falling on the redemption date, falls on a day that is not a Business Day, the payment shall be made by the Issuer on the immediately succeeding Business Day, which becomes the coupon payment date for that coupon. However, the future coupon payment date(s) would be as per the schedule originally stipulated at the time of issuing the debentures. In other words, the subsequent coupon payment date(s) would not be changed merely because the payment date in respect of one particular coupon payment has been postponed earlier because of it having fallen on a non-Business Day.</p> <p>If the redemption date of the Debentures falls on a day that is not a Business Day, the redemption amount shall be paid by the Issuer on the immediately preceding Business Day which becomes the new redemption date, along with interest accrued on the debentures until but excluding the date of such payment.</p>
Record Date	The Record Date shall be 7 Calendar days prior to each coupon payment date / redemption date.
Transaction Documents	<p>The Issuer has executed/ shall execute the documents including but not limited to the following in connection with the Issue:</p> <ol style="list-style-type: none"> 1. Consent Letter from XXX Trusteeship Limited to act as Trustee; 2. Debenture Trust Deed; 3. Deed of Hypothecation 4. Rating Letter from XXX Ratings Limited; 5. In principle approval letter from BSE Limited; 6. Tripartite Agreement between the Issuer, Registrar and N form; 7. Tripartite Agreement between the Issuer, Registrar and C form 8. Board resolution 9. Shareholder's resolution
Conditions precedent to subscription of Debentures	The Issuer represents and warrants to the Investor or its successors or assigns, prior to and upon the execution of the Transaction Documents/Agreement and at the time of





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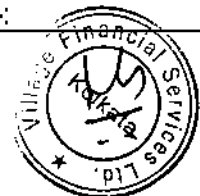
	<p>issuance of the Debentures and at all time during the currency of the Transaction Documents, that:</p> <ol style="list-style-type: none">1. The Issuer is duly incorporated, validly existing, and in good standing;2. The Issuer is authorized to enter into the Transaction Documents and Deed of Hypothecation within the time period as per applicable law, and the Transaction Documents are a valid and binding obligation of the Issuer enforceable in accordance with its terms; and the execution and performance of the Transaction Documents by the Issuer is lawful and does not constitute a default, acceleration or termination of any other agreement to which the Issuer is a party or breach of any judgment, decree, order or award.3. All information provided by the Issuer to the Investor at any time is true, complete, and accurate,4. The Issuer is the sole owner of all assets shown on the Issuer's financial statements delivered to the Investor save and except as stated in the said financial statements.5. The Issuer is solvent and capable of paying its obligations as and when they become due.6. There is no material litigation including winding up proceedings or governmental proceeding pending against the Issuer and the Issuer is not aware of any such proceeding being threatened, which could impair the Issuer's net worth or ability to perform this Agreement.7. The Issuer maintains and shall maintain accurate business and financial records and prepares and shall prepare its financial statements in accordance with generally accepted accounting principles.8. In case the Issuer is a Company under the Companies Act, 1956 or Companies Act, 2013, as the case may be:-<ol style="list-style-type: none">i. All corporate authorizations required for entering into the Transaction Documents and performing the transactions pursuant hereto have been obtained and are in full force and effect, and the Transaction Documents and all transactions pursuant hereto are and will be in accordance with all applicable provisions of law;9. Obligation hereunder are not in conflict with any other obligations of the Issuer10. The execution of Transaction Documents is binding on the Issuer and such executed documents are valid and admissible in evidence in the court of law.11. There is no Material Adverse Change occurred or event of default has occurred or continuing with respect to the Issuer and no such event or circumstance would occur as a result of its executing the Transaction Documents or performance of any obligation there under.12. The Investor or it's successors and assigns shall have a first ranking pari-passu charge on the identified business loan receivables of our Company13. The Issuer shall take appropriate measures and/or authorization to create Security in favour of the Trustees or
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	<p>its successors and assigns and avail the financial indebtedness.</p> <p>14. The Issuer shall have good title to assets, to be provided as security.</p>
<p>Conditions subsequent to subscription of Debentures</p>	<p>The Issuer shall ensure that the following documents are executed/ activities are completed as per time frame mentioned elsewhere in this Private Placement Offer Letter:</p> <ol style="list-style-type: none"> 1. Ensuring that the payment made for subscription to the Debentures is received from the bank account of the person/ entity subscribing to the Debentures and keep record of the bank accounts from where payments for subscriptions have been received. In case of subscription to the Debentures to be held by joint holders, application monies is received from the bank account of the person whose name appears first in the Application Form; 2. Maintaining a complete record of private placement offers in Form PAS-5; 3. Filing a return of allotment of Debentures with complete list of all Debenture holders in Form PAS-3 under section 42 of the Companies Act, 2013, with the Registrar of Companies, within the prescribed time limit along with fee as provided in the Companies (Registration Offices and Fees) Rules, 2014; 4. Credit of demat account(s) of the allottee(s) by number of Debentures allotted within two working days from the Deemed Date of Allotment; 5. Making listing application to BSE and/ or NSE within 15 business days from the Deemed Date of Allotment of Debentures and obtaining listing permission within 20 calendar days from the Deemed Date of Allotment of Debentures; <p>Besides, the Issuer shall perform all activities, whether mandatory or otherwise, as mentioned elsewhere in the Private Placement Offer Letter.</p>
<p>Additional Covenants:</p>	<ol style="list-style-type: none"> 1. Security Creation: If the Company fails to execute the Debenture Trust Deed & Deed Of Hypothecation within the time period as per applicable law, the Company shall pay penal interest at the rate of 2.00% p.a. over the Coupon Rate till the execution of the trust deed. 2. Delay in Listing: In case of delay in listing of the Debentures beyond 20 calendar days from the Deemed Date of Allotment, the Company shall pay penal interest at the rate of 1.00% p.a. over the Coupon Rate from the expiry of 30 days from the Deemed Date of Allotment till the listing of Debentures to the Debenture holders.
<p>Event of Defaults</p>	<p>Occurrence of any of the following events constitutes an event of default with respect to the Issuer :-</p>





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	<p>(i) The Issuer shall fail to promptly pay any amount now or hereafter owing to the Investors as and when the same shall become due and payable; or</p> <p>(ii) If the Issuer fail to duly observe or perform any obligation under this agreement or under any agreement entered into by it in connection with any loans or other borrowings (including any kind of hybrid borrowing like FCCB , optionally convertible preference shares or Debentures) availed of by the Issuer and the lender or investor concerned; or</p> <p>(iii) Breach of any of the key covenants, as specified above, which are not remedied within such period of time, if any, as the Debenture Trustee (acting on the instructions of the Majority Debenture Holders) may allow.</p> <p>(iv) Breach of any of the covenants (other than those mentioned in the trust deed, representations and warranties (including any representation or warranty is held to be untrue, incomplete, incorrect or misleading in material ("material adverse changes") form contained in the Transaction Documents which are not remedied within 15 days from the date of such breach.</p> <p>(v) the Issuer entering into any material arrangement or composition with his/her/its/their creditors or committing any act of insolvency, or any act the consequence of which may lead to the insolvency or winding up of the Issuer;</p> <p>(vi) execution or distress or other process being enforced or levied upon or against the whole or any part of the Issuer's property whether secured to the Investor or not;</p> <p>(vii) any order being made or a Resolution being passed for the winding up of the Issuer (except for the purpose of amalgamation or reconstruction with the prior approval of the Investor);</p> <p>(viii) a Receiver being appointed in respect of the whole or any part of the property of the Issuer;</p> <p>(ix) the Issuer being adjudicated insolvent or taking advantage of any law for the relief of insolvent debtors;</p> <p>(x) the Issuer ceasing or threatening to cease to carry on business or giving or threatening to give notice of intention to do so;</p> <p>(xi) Inability to pay debts, proceedings of winding up, or the Issuer's being declared or considered to be a sick company, or a relief undertaking or a protected company or a sick industrial company or a protected industrial company or otherwise, under any law, statute, rule, ordinance etc. which would have the effect of suspending or waiving all or any right against the Issuer or in respect of any contract or agreement concerning the Issuer,</p> <p>(xii) The passing of any order of a court ordering, restraining or otherwise preventing the Issuer from conducting all or any material part of its business; or</p> <p>(xiii) The cessation of business by or the dissolution, winding-up, insolvency or liquidation of the Issuer.</p>
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	<p>(xiv) Events of default considered appropriate for the transaction of this nature including:</p> <ol style="list-style-type: none"> 1. Breach of any of the covenants, representations and warranties. Cure period for (a) any breach of key covenants to be given at the sole discretion of the Investor, and (b) breach of any other covenants, representation and warranties to be cured within 30 days. 2. Failure to file a Form CHG 9 with the Registrar of Companies in form and substance required to perfect the Security within 30 days from deemed date of allotment. 3. Security provided being invalid security or loss of lien on collateral 4. Unlawfulness or unenforceability of finance or security 5. Repudiation of any Transaction Document 6. Illegality for the Issuer to perform any of its obligations under the Transaction Document 7. The withdrawal, failure of renewal, or failure to obtain any statutory or regulatory approval in any relevant jurisdiction for the Debentures or any Security. 8. Representations or Warranties are found to be untrue or misleading when made or deemed to be made. 9. The security cover falls below 1.25 times of the Outstanding principal Amount and interest thereon at any time during the currency of the Debentures and if the Issuer fails to reinstate to 1.25 times within 30 working days. 10. In the event of occurrence of any of the events of default as mentioned above, the entire outstanding principal amounts on the NCDs (i.e. redemption at par) along with other monies/accrued interest due in respect thereof shall become due for payment within a period of 30(thirty) ((if not cured during the cure period of 30 days) days from the occurrence of such event of default, except incase of occurrence of the event of default set out in sub-clause (i) above, where such amounts shall become due immediately.
<p>Role and Responsibilities of Trustees</p>	<p>The Trustees shall perform its duties and obligations and exercise its rights and discretions, in keeping with the trust reposed in the Trustees by the holder(s) of the Debentures and shall further conduct itself, and comply with the provisions of all applicable laws. The Trustees shall carry out its duties and perform its functions as required to discharge its obligations under the terms of SEBI Debt Regulations, the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, as amended from time to time, the Debenture Trusteeship Agreement, Disclosure Document and all other related transaction documents, with due XXX, diligence and loyalty.</p>
<p>Type of Bidding</p>	<p>NA</p>
<p>Manner of Allotment</p>	<p>Uniform – yield</p>





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Approvals	The Issuer agrees to comply with all applicable rules and regulations in respect of the transaction. The Issuer will be responsible for taking all necessary authorization and / or approvals internal, external regulatory, statutory or otherwise
Governing Law and Jurisdiction	The Debentures are governed by and shall be construed in accordance with the existing laws of India. Any dispute arising thereof shall be subject to the jurisdiction of district courts of Mumbai, Maharashtra

In the event of any conflict or inconsistency in the terms and conditions specified in the Term Sheet and other parts of this Disclosure Document, the terms and conditions as specified in the Term Sheet shall prevail over such other parts of the Disclosure Document.

For Village Financial Services Limited

For Village Financial Services Ltd.


Chief Financial Officer

AUTHORISED SIGNATORY



Date : 10.09.2020

For SLS Trust




AUTHORISED SIGNATORY