

Term Sheet for Tranche II for 1000 Unsecured Perpetual NCDs of ₹ 10,00,000/- each aggregating to ₹ 100.00 Crore

Security Name	IL&FS Financial Services Limited, 9% Fully paid up Unsecured, Redeemable, Non-Convertible, Perpetual Debentures under 2018 Series VIII
Issuer	IL&FS Financial Services Limited (IFIN)
Type of Instrument	Fully paid up, Unsecured, Redeemable Non-Convertible, Perpetual Debentures
Nature of Instrument	Unsecured, Rated, Listed, Taxable, Redeemable, Non-Convertible Perpetual Debentures in the nature of Tier I Capital
Seniority	The claims of the investor in PDI shall be: a) Superior to the claims of investors in equity share; and b) Subordinated to the claims of all other creditors
Mode of Issue	Private Placement
Eligible Investors	<p>Only the following categories of investors, when specifically contacted, are eligible to invest in these Debentures:</p> <ol style="list-style-type: none"> 1. Companies 2. Scheduled Commercial Banks 3. Co-operative Banks 4. Financial Institutions 5. Insurance Companies 6. Mutual Funds 7. Individuals 8. Provident Funds / Pension Funds / Gratuity Funds / Superannuation Funds 9. Any other investor authorized to invest in these NCDs <p>All investors are required to comply with the relevant regulations / guidelines applicable to them for investing in this issue of Unsecured Perpetual NCDs.</p> <p>Every application is to be accompanied by bank account details and MICR code of the bank for the purpose of availing direct credit of interest and all amounts through electronic transfer of funds or RTGS</p>
Listing	<p>The debentures are proposed to be listed on the wholesale debt market (WDM) segment of BSE Limited. The Company shall make listing application to BSE within 15 days from deemed date of allotment and seek listing permission within 20 days from deemed date of allotment or as may be prescribed by SEBI from time to time.</p> <p>In case of delay in listing of the aforesaid Debentures beyond 20 days, the Company will pay penal interest of 1% p.a. over the Coupon rate from the expiry of 30 days from the Deemed date of allotment till the listing of the Debentures.</p>

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	<p>SEBI vide its circular CIR/IMD/FIIC/18/2010 dated November 26, 2010 and RBI vide its circular No. 89 dated March 1, 2012 had decided that a SEBI registered FIIs/sub-accounts of FIIs can now invest in primary issues of non-convertible debentures (NCDs)/bonds only if listing of such NCDs/bonds is committed to be done within 15 days of issue. In case the NCDs/bonds issued to the SEBI registered FIIs/sub-accounts of FIIs are not listed within 15 days of issuance to the SEBI registered FIIs/sub-accounts of FIIs, for any reason, then the FII/sub-account of FII shall immediately dispose of these NCDs/bonds either by way of sale to a third party or to the Issuer</p> <p>In case the Debentures are not listed within 15 days of issuance to the SEBI registered FIIs / sub-accounts of FIIs, for any reason, the Issuer shall on the next Business Day on expiry of the Listing Period redeem / buyback the Debentures from the FIIs/sub-accounts of FIIs in accordance with Clause XV(16) of this Document</p>
Rating of the Instrument	<p>“CARE AA+” by Credit Analysis & Research Ltd vide rating letter dated March 14, 2018</p> <p>“BWR AA+” by Brickwork Ratings India Pvt Limited vide rating letter dated March 14, 2018</p>
Issue Size	₹ 100.00 Crore (Rupees One Hundred Crore Only)
Option to Retain Oversubscription (Amount)	Nil
Objective of the Issue	To augment the long term resources requirement of the company for its business activities including refinancing of existing debt
Details of the utilization of the Proceeds	The issue proceeds shall be utilized in accordance with the Objects of the Issue
Coupon rate	9% p.a. payable annually
Step Up Coupon Rate	100 bps once during the life of the instrument after 10 years from the date of allotment if call is not exercised.
Coupon Payment Frequency	Annually
Coupon Payment Dates	Annually on March 22 every year
Coupon Type	Fixed
Coupon Reset Process	Not Applicable
Day Count Basis	Actual / Actual
Interest on application Money	Payable at the coupon rate from the date of credit to IFIN’s account till one day prior to the date of allotment, if applicable
Default Interest Rate	On occurrence of any Event of Default including default in payment of interest and / or principal redemption on the due dates, additional interest of 2% p.a. over the coupon rate will be payable by the Company for the defaulting period
Tenor	Perpetual
Redemption Date	NA-Perpetual
Redemption Amount	₹ 10,00,000 (Rupees Ten Lacs only) per Debenture
Redemption Premium / Discount	Nil

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Issue Price	At Par, ₹ 10,00,000 (Rupees Ten Lacs only) per Debenture
Discount at which security is issued and the effective yield as a result of such discount	Not Applicable
Put Option Date	None
Put Option Price	Not Applicable
Call Option Date	As per Call option conditions
Call Option Price	At the Face Value
Call Option Conditions	(a) that the instrument has run for a minimum period of ten years from the date of allotment and (b) Call option shall be exercised only with the prior approval of RBI. While considering the proposals received from NBFC - ND - SI for exercising the call option the RBI would, among other things, take into consideration the NBFC's CRAR position both at the time of exercise of the call option and after the exercise of the Call option.
Lock-in Clause	In terms of RBI guidelines vide its circular no. DNBS (PD) CC. No.131/03.05.002/2008-2009 dated October 29, 2008 addressed to "All Non-Deposit Taking Non-Banking Finance Companies with assets size of Rs 100 crore and above" in connection with "Enhancement of NBFCs' capital raising option for capital adequacy purposes" containing terms and conditions applicable to Perpetual Debt Instruments (PDI) for being eligible for inclusion in Tier I capital, (a) these Unsecured NCDs shall be subjected to a lock-in clause in terms of which the Company may defer the payment of interest, if (i) the CRAR of the Issuer is below the minimum regulatory requirement prescribed by RBI; or (ii) the impact of such payment results in CRAR of the Issuer falling below or remaining below the minimum regulatory requirement prescribed by RBI; (b) However, the Issuer may pay interest with the prior approval of the RBI when the impact of such payment may result in net loss or increase the net loss, provided the CRAR remains above the regulatory norm. (c) The interest shall not be cumulative except in cases as in (a) above. (d) All instances of invocation of the lock- in clause shall be notified by the issuing NBFCs - ND- SI to the Regional Office of Department of Non-Banking Supervision of the Reserve Bank of India in whose jurisdiction NBFC is registered
Put Notification Time	Not Applicable
Call Notification Time	Not Applicable
Face value of each Debenture	₹ 10,00,000 (Rupees Ten Lacs only)
Minimum Application per Investor	Minimum Subscription of 3 NCD's (Face Value per NCD ₹ 10,00,000)
Issue Timing Issue Opening Date Issue Closing Date Pay-in Date Deemed Date of Allotment	March 22, 2018 March 22, 2018 March 22, 2018 March 22, 2018
Issuance Mode of the Instrument	In dematerialised form only
Trading Mode of the instrument	In dematerialised form only

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Settlement Mode of the instrument	Settlement by way of RTGS/ Fund Transfer
Depository/ies	National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL)
Business Day Convention	If the Interest Payment date falls on a Sunday or a holiday the coupon payment shall be made on the next working day. If the maturity date of the debt securities, falls on a Sunday or a holiday, the redemption proceeds shall be paid on the previous working day. The interest/redemption payments shall be made only on the days when the money market is functioning in Mumbai.
Record Date	The record date for the payment of interest or the buyback amount or the maturity amount shall be 15 days prior to the date on which such amount is due and payable
Security	NA- Unsecured
Transaction Documents	(a) Debenture Trustee Agreement between the Company and Centbank Financial Services Limited (b) Consent letter Ref No CENTFIN:2017:535 dated December 28, 2017 received from Centbank Financial Services Limited, Debenture Trustee (c) Rating letters dated March 14, 2018 received from Brickwork Ratings and Credit Analysis & Research Limited
Conditions Precedent to Disbursement	Not Applicable
Conditions Subsequent to Disbursement	Not Applicable
Events of Default	There have been no events of default till date
Provisions related to Cross Default	Not Applicable
Role and Responsibilities of Debenture Trustee	The Debenture Trustee will exercise all and such powers as may be in their absolute discretion deemed necessary or required to be done to protect the interest of the debenture holders. All rights and remedies under the debenture trust Agreement and/ or any other security documents shall vest in and be exercised by the Debenture Trustees without having referred to the debenture holders
Governing Law and Jurisdiction	The Debentures are governed by and shall be construed in accordance with the existing Indian laws. Any dispute arising thereof will be subject to the exclusive jurisdiction of the courts in the city of Mumbai

Certified True Copy
For IL&FS FINANCIAL SERVICES LIMITED


Company Secretary