

## 2. LEGAL INFORMATION

As on date, to best of knowledge of the Company, there are no legal proceedings filed against the Company in any legal forum in India.

## 3. ANY MATERIAL EVENT/ DEVELOPMENT OR CHANGE

Save as stated elsewhere in this Document, in the opinion of the of the Directors of the Company, there have been no material developments after the date of the last audited / un-audited financial statements as disclosed in this Disclosure Document, which would materially and adversely affect, or would be likely to affect, the trading or profitability of the Company or the value of its assets or its ability to pay its liabilities.

## 4. PARTICULARS OF THE DEBT SECURITIES ISSUED FOR CONSIDERATION OTHER THAN CASH

The Company has not issued any debt securities for consideration other than cash, whether in whole or part, at a premium or discount or in pursuance of an option.

## 5. PERMISSION / CONSENT FROM THE PRIOR CREDITOR FOR A SECOND OR PARI PASSU CHARGE BEING CREATED, WHERE APPLICABLE, IN FAVOR OF THE TRUSTEES TO THE PROPOSED ISSUE

The Company is not required to obtain any prior permission from its lenders for creation of exclusive charge in favour of Trustee for the Issue issued under this Offer Document and the Debenture Trust Deed.

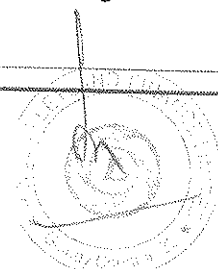
## 6. TERMS PERTAINING TO THE ISSUE

### a) RATING RATIONALE

CARE Ratings has assigned credit rating of **CARE AA-** for the NCDs of INR 2,00,00,00,000 (Rupees Two Hundred Crores Only) to be issued by the Company including INR 2,00,00,00,000 (Rupees Two Hundred Crores Only) under this document. A copy of the rating letter issued by Credit Analysis & Research Ltd is enclosed as Annexure 3.

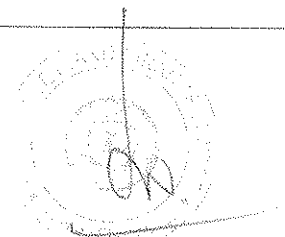
### b) SUMMARY TERM SHEET SHALL BE PROVIDED WHICH SHALL INCLUDE AT LEAST FOLLOWING INFORMATION (WHERE RELEVANT) PERTAINING TO THE SECURED / UNSECURED NON CONVERTIBLE DEBT SECURITIES (OR A SERIES THEREOF)

Security Name	8.33% Hinduja Leyland Finance Limited 2019
Issuer	Hinduja Leyland Finance Limited (HLF/ The Company/ Issuer)
Type of Instrument	Rated, Listed, Secured Redeemable Taxable Non-Convertible Debentures (NCDs/Debentures)
Nature of Instrument	Secured
Seniority	The Debenture will constitute direct, secured and senior obligations of the Company



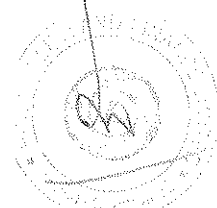
Mode of Issue	Private placement
Rating of the Instrument	"AA-" by Credit Analysis and Research Limited
Issue Size	Upto Rs. 2,00,00,00,000
Face Value	Rs 10,00,000/- (Rupees Ten Lakhs Only)
Issue Price	At Par
Objects of the Issue & Details of the utilization of the Proceeds	<p>The proceeds of the issue will be used for onward lending in the regular course of business and other general corporate purposes</p> <p>The proceeds of the NCD issue will not be utilized towards investments in equity capital markets, speculative activities, acquisition of land and any other real estate investments.</p> <p>Further, the funds will not be utilised for any activity prohibited by the concerned regulator (the Reserve Bank of India in this case).</p>
Security	<ul style="list-style-type: none"> <li>The debentures shall be secured by a first charge on the standard asset portfolio of receivables of the Company and a subservient charge over an immovable property to be created in favor of Debenture Trustee.</li> <li>The value of receivables is determined based on the net exposure outstanding &amp; be reviewed on a monthly basis with a minimum asset cover ratio of 1.1 times at all times.</li> <li>If, at the end of every month, during the tenure of the debenture, the value of the specified standard receivables fall below the minimum cover 1.1 times, the Company shall provide additional receivables to make up for the deficit within 15 days.</li> <li>Standard receivables for the above purpose is defined as the receivables that are not Non Performing Assets (NPAs) as per Reserve Bank Of India's extant regulation.</li> <li>The said security shall be created within 60 Working days from the Deemed Date of Allotment. <ul style="list-style-type: none"> <li>Standard receivables for the above purpose is defined as the receivables that are not Non Performing Assets (NPAs) as per Reserve Bank Of India's extant regulation</li> </ul> </li> </ul>
Tenor	2 years from the date of allotment
Pay in Date	September 27, 2017
Coupon Rate	<p>8.33% p.a., compounded semi-annually and paid annually</p> <p>The Coupon Rate will be increased by 0.25% p.a. for each notch of rating downgrade of the Issuer.</p>
Interest Payment Frequency	<p>Annually</p> <p>September 27, 2018</p> <p>September 27, 2019</p>

Interest on Application Money	At the agreed coupon of 8.50% p.a subject to deduction of tax at source, as applicable) from the date of realization of cheque (s)/ demand draft(s)/ e-payment upto one day prior to the Deemed Date of Allotment
Redemption	At Par
Redemption Date	September 27, 2019
Redemption Amount	Rs. 200 crores (Rupees Two Hundred Crores Only)
Put Option	None
Call Option	None
Eligible Investors	<ul style="list-style-type: none"> <li>• Scheduled Commercial Banks;</li> <li>• Financial Institutions;</li> <li>• Insurance Companies;</li> <li>• Primary/ State/ District/ Central Co-operative Banks (subject to permission from RBI);</li> <li>• Regional Rural Banks;</li> <li>• Mutual Funds;</li> <li>• Companies, Bodies Corporate authorized to invest in Debentures;</li> <li>• Provident Funds, Gratuity, Superannuation &amp; Pension Funds, subject to their Investment guidelines;</li> <li>• Trusts; or</li> <li>• Any other investor category eligible to invest subject to current applicable rules, act, laws etc.</li> </ul>
Listing	<p>The Debentures will be listed on BSE Limited.</p> <p>In case of (a) delay in listing of the Debt Securities beyond 20 days from the deemed Date of Allotment or (b) the debentures are delisted for a continuous period of 1 month, the Company will pay penal interest of 2 % p.a. over the coupon rate from the deemed Date of Allotment till the listing of such Debt Securities to the investor.</p>
Day Count Basis	<p>Actual / Actual</p> <p>Interest payable on Debentures will be calculated on the basis of actual number of days elapsed in a year of 365 or 366 days as the case may be i.e. Actual/ Actual</p>
Default Interest Rate	2% p.a. over the Coupon Rate will be payable by the Company for the defaulting period
Minimum Application and in multiples of Debt Securities thereafter	Minimum of 1 Debentures and in multiples of 1 Debenture thereafter
Issuance mode of the Instrument	Demat only

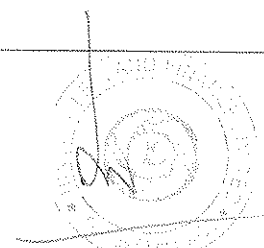


Trading mode of the Instrument	Demat only
Settlement mode of the Instrument	By cheque(s)/ demand draft(s)/ e-payment or any other mode which is permissible
Depository	NSDL/CSDL
Business Day Convention	<p>If any interest payment date falls on a day, which is not a Business Day ('Business Day' being a day on which Commercial Banks are open for business in Chennai) then payment of interest will be made on the succeeding working day.</p> <p>However, if the Redemption Date is not a Business Day, the payment shall be made on the immediately preceding Business Day</p>
Record Date	3 days prior to each Coupon Payment /Redemption date, if any
Transaction Documents	<ol style="list-style-type: none"> <li>1. the Shelf Disclosure Document,</li> <li>2. the Debenture Trust Deed/Agreement,</li> <li>3. the Application Form, and</li> <li>4. any other document that may be designated as a transaction document by the Debenture Trustee</li> </ol>
Conditions Precedent to Disbursement	<p>The Investment will be subject to conditions, including those stated below:</p> <ul style="list-style-type: none"> <li>• HLF shall meet all the regulatory requirement relating to a NBFC</li> <li>• Corporate approvals from the board of directors and shareholders (if required) of HLF shall have been received for the execution, delivery and performance by HLF for issuance of NCDs to investors in accordance with the terms of the issuance;</li> <li>• All the other approvals and consents from third parties, if required in relation to the transactions contemplated herein shall have received;</li> <li>• There is no litigation, including winding up proceedings, or governmental proceeding (including any criminal proceedings) pending against any individual / company of the Promoter Group and the Promoter group is not aware of any such proceeding being threatened</li> </ul>
Financial Covenants on HLF	<ul style="list-style-type: none"> <li>• The capital adequacy ratio shall be maintained at a minimum of the levels stipulated by the RBI at all points in time (currently 15.0%).</li> <li>• Gross NPA (currently PAR 90 less provisions shall not exceed 5% of the Assets under Management of the Issuer.</li> <li>• "PAR 90" shall mean, on the Issuer's entire assets under management at any point of time, as the case may be, the outstanding principal value of the relevant portfolio of the Issuer that has one or more instalments of principal, interest, penalty interest, fee or any other expected payments overdue for 90 days or more, includes restructured loans but excludes loans that have been written off by the</li> </ul>

	<p>Issuer.</p> <p>•</p> <p>Financials covenants shall be tested on a quarterly basis.</p>
Optional Accelerated Redemption	<p>Issuer to maintain the below mentioned criteria/s during the tenor of the NCDs:</p> <ol style="list-style-type: none"> <li>1. Credit Rating of the Issuer from any credit rating agency to remain at minimum of "A"</li> <li>2. No Withdrawal / Suspension of long term rating of the instrument.</li> </ol> <p>In the event of the breach of any of the Financial Covenants or Issuer rating is downgraded below A by any credit rating agency or a new credit rating below A is assigned to Issuer or rating is outstanding with "Issuer not cooperating" or such similar words, the Debenture Holders shall have the option to require the Company to redeem the Debentures along with accrued interest ("Optional Accelerated Redemption") within 30 days from the date of such an occurrence."</p> <p>Upon the exercise of the 'Optional Accelerated Redemption' option by the Debenture Holders, the Debenture Trustee shall issue a notice to the Company for redemption of all amounts outstanding in relation to the Debentures (including any unpaid principal, accrued but unpaid Coupon, Default Interest (if applicable) as on the date of exercise of the 'Optional Accelerated Redemption' Option ("Optional Accelerated Redemption Date").</p> <p>The Company shall be required to make payment of the aggregate amounts outstanding in relation to the Debentures, including any unpaid Principal Amount, accrued but unpaid Coupon, Default Interest (if applicable) and liquidated damages (if applicable) within 30 calendar days of the Optional Accelerated Redemption Notice.</p>
Other Covenants	<ul style="list-style-type: none"> <li>• HLF agrees that its obligation hereunder and under the relevant legal document are and will be absolute, irrevocable and unconditional and confirms the due and prompt observance, performance and full discharge of such covenants, agreements, obligations and liabilities in accordance with and subject to the terms and conditions contained herein and in the legal documentation.</li> <li>• HLF shall defend and hold the investor, harmless from and against any and all damages incurred by it as a result of, arising from, or in connection with or relating to (i) any matter inconsistent with, or any breach of, the representations and /or warranties made by HLF herein or in the Legal Documentation; or (ii) the non-performance (in whole or part) by HLF of any of its covenants, obligations or agreements contained herein or the legal Documentation.</li> <li>• The company will continue to have 'HINDUJA' in its name.</li> <li>• Hinduja group shall continue to hold at least 51% stake and Management Control (as defined under the SEBI regulations) in HLF. (Holding Covenant)</li> <li>• Hinduja Group will continue to remain the promoter group (as defined under the SEBI regulations) in the Issuer without prior approval</li> <li>• No M&amp;A, acquisition, restructuring, amalgamation without approval of Debenture Holders over and above 10% of the network of the Issuer in a financial year</li> <li>• The Issuer will not purchase or redeem any of its issued shares or</li> </ul>



	<p>reduce its share capital without the investors' prior written consent;</p> <ul style="list-style-type: none"> <li>Any sale of assets/business/division that has the effect of exiting the business or re-structuring of the existing business, to be with the prior consent of the debenture holder</li> </ul>
Condition Subsequent to Disbursement	As provided in Debenture Trust Deed/Agreement to be executed between the Company and the Trustee.
Approvals	The Issuer agrees to comply with all applicable rules & regulations in respect of the Transaction. The issuer will be responsible for taking necessary authorizations and/or approvals internal, external regulatory, statutory or otherwise.
Events of Default	<p>Customary and inclusive but not limited to of the following:-</p> <ol style="list-style-type: none"> <li>Default is made in payment of any interest or principal or any other charges in terms of the Transaction Documents in respect of the NCDs on due date.</li> </ol> <p>In case of default in payment of Interest and/or principal redemption on the due dates with an additional interest @ 2% p.a. over the coupon rate will be payable by the Company for the defaulting period</p> <ol style="list-style-type: none"> <li>Cross default with any other financial indebtedness of the Issuer;</li> <li>Failure to create security within 60 working days from the deemed date of allotment</li> <li>Breach of holding covenant without prior approval of the investors through the debenture trustee.</li> <li>the Issuer is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay (in the opinion of the Debenture Trustee) a material part of its debts, or stops, suspends or threatens to stop or suspend payment of all or (in the opinion of the Debenture Trustee) a material part of (or of a particular type of) its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all or (in the opinion of the Debenture Trustee) a material part of (or all of a particular type of) its debts (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer;</li> <li>a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Issuer and is not discharged or stayed within 45 days;</li> </ol>



	<p>7. an order is made or an effective resolution passed for the winding-up or dissolution, judicial management or administration of the Issuer, or the Issuer ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, re-organization, merger or consolidation on terms approved by an Extraordinary Resolution of the NCD holders;</p> <p>8. an encumbrancer takes possession or an administrative or other receiver or an administrator is appointed of the whole or (in the opinion of the Trustee) any substantial part of the property, assets or revenues of the Issuer (as the case may be) and is not discharged within 60 days;</p> <p>9. the Issuer commences a voluntary proceeding under any applicable bankruptcy, insolvency, winding up or other similar law now or hereafter in effect, or consent to the entry of an order for relief in an involuntary proceeding under any such law, or consent to the appointment or taking possession by a receiver, liquidator, assignee (or similar official) for any or a substantial part of its property or take any action towards its reorganization, liquidation or dissolution;</p> <p>10. it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the NCDs or the Debenture Trust Deed;</p> <p>11. any step is taken by governmental authority or agency or any other competent authority, with a view to the seizure, compulsory acquisition, expropriation or nationalization of all or (in the opinion of the Trustee) a material part of the assets of the Issuer which is material to the Issuer;</p> <p>12. any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs.</p> <p>13. Any Material Adverse Effect.</p>
Consequences of Event of Default or Breach of Covenants	<p>Upon the happening of any Event of Default or breach of any agreed covenant all outstanding amounts (Principal along with accrued interest (both Coupon &amp; Penal, if any)) on the Instrument shall stand accelerated and the Debenture Trustee will, at the request of the investor, give notice (unless instructed otherwise by the Investors in writing) to the Issuer to pay the outstanding amounts within fifteen Business Days of the happening of any Event of Default except where in case if the Default is made in payment of any interest or principal or any other charges in terms of the Transaction Documents in respect of the NCDs on due date, the payment stands payable immediate</p> <p>If the Issuer fails to make such payments, the Debentures Trustee shall be</p>

	entitled to enforce the security (in accordance with the terms of the Transaction Documents).
Role and Responsibilities of Debenture Trustee	Please refer section titled "Name of Debenture Trustee - Role and Responsibilities of Debenture Trustee" in the Shelf Disclosure Document.
Governing Law and Jurisdiction	The Debentures offered are subject to provisions of the Companies Act, 2013, Securities Contract Regulation Act, 1956, terms of the Shelf Disclosure Document, instructions contained in the Application Form and other terms and conditions as may be incorporated in the Debenture Trustee Agreement and the Debenture Trust Deed. Over and above such terms and conditions, the Debentures shall also be subject to the applicable provisions of the Depositories Act, 1996 and the laws as applicable, guidelines, notifications and regulations relating to the Issue, allotment and listing of securities issued from time to time by the Government of India (GoI), Reserve Bank of India (RBI), Securities & Exchange Board of India (SEBI), concerned Stock Exchange or any other authorities and other documents that may be executed in respect of the Debentures. Any disputes arising out of this issue will be subject to the exclusive jurisdiction of the Courts at Chennai.
Issue /Tranche Opening Date	September 27, 2017
Issue /Tranche Pay in Date	September 27, 2017
Issue /Tranche Closing Date	September 27, 2017
Deemed Date of Allotment	September 27, 2017

<b>Cash Flow – Series</b>	
Company	Hinduja Leyland Finance Limited
Face Value (per security) (in Rs.)	1,000,000
Issue Date / Deemed Date of Allotment	Wednesday, September 27, 2017
Redemption Date	Friday, September 27, 2019
Coupon Rate p.a.	8.33% p.a. compounded semi annually and paid annually
Frequency of Interest payment with specified date	September 27, 2018 September 27, 2019
Day count Convention	Actual / Actual

Flows			
Coupon Dates	Date	No. of days in Coupon Period	Amount (In Rupees)
1st Coupon	Wednesday, September 27, 2018	365	17,00,69,445
2 <sup>nd</sup> Coupon	Thursday, September 27, 2019	365	17,00,69,445
Principal Amount	Friday, September 27, 2019	-	2,00,00,00,000
<b>Total</b>		<b>730</b>	<b>2,34,01,38,890</b>