Phoenix ARC

July 25, 2019

ICICI Prudential Asset Management Company Limited
One BKC 13th Floor,
Bandra Kurla Complex,
Bandra,
Mumbai – 400 051

Sub: Term Sheet for issue of Debentures

Dear Sir,

Please find below terms for the issue of 1000 (One Thousand) secured, rated, listed, redeemable, non convertible debentures bearing a face value of Rs. 10,00,000/- (Rupees Ten Lakhs only) each, aggregating upto Rs. 100,00,00,000/- (Rupees One Hundred Crores only) in 2 (Two) Series.

Clause	Details
Issuer	Phoenix ARC Private Limited
Subscriber	ICICI Prudential Mutual Fund through its Schemes
Type of Instrument	Secured, Rated, Listed, Redeemable, Non-Convertible Debentures
Amount	Rs 100,00,00,000 (Rupees One Hundred Crore Only) in 2 (Two) Series. The first series of Debentures to be issued by the Company, being 500 (Five Hundred) Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000/- (Rupees Ten Lakhs only) each at par, of the aggregate nominal value of Rs.50,00,00,000/- (Rupees Fifty Crores Only) ("**Series 1 Debentures**") and the second series of Debentures to be issued by the Company, being 500 (Five Hundred) Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000/- (Rupees Ten Lakhs only) each at par, of the aggregate nominal value of Rs.50,00,00,000/- (Rupees Fifty Crores Only) ("**Series 2 Debentures**"). (Series 1 Debentures and Series 2 Debentures are hereinafter collectively referred to as "**Debentures**" or "**NCDs**")
Face Value per Debenture	Rs 10,00,000 (Rupees Ten Lakhs Only)
Purpose	For investment in Security Receipts in accordance with the applicable RBI regulations, Repayment of debt and ongoing business requirements
Mode of Issue	Private Placement
Eligible Investors	1. Scheduled Commercial Banks, 2. Financial Institutions, 3. Insurance Companies, 4. Primary/State/District/Central Co-Operative Banks (subject to permission from RBI), 5. Regional Rural Banks, 6. Mutual Funds, 7. Companies, Bodies Corporate authorized to invest in Debentures,

Phoenix ARC

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	8. Provident Funds, Gratuity, Superannuation & Pension Funds, subject to their Investment Guidelines, 9. Trusts or 10. Any other investor category eligible to invest subject to current applicable rules, act, laws, etc	
Rating of the Instrument	CRISIL AA (Stable)	
Rating Covenants	If the long term rating of the NCDs and/or the Issuer is downgraded (by any rating agency) at any point of time during the currency of the NCDs, the Coupon rate will increase by 25 bps for every notch of downgrade effective from the date of downgrade. If rating of the NCDs and/or the Issuer falls to or below "A" (by any rating agency), the debenture holders shall reserve the right to recall its outstanding principal amount along with all other monies/accrued interest due in respect thereof by giving a 30 days notice.	
Coupon Rate	10.75% per annum payable annually	
Nature of Security	The Debentures shall be secured by first ranking exclusive charge by way of hypothecation of the Security Receipts held by the Company for 1.1x of the principal component of the Debentures and accrued coupon thereon. Issuer to replenish security cover to 1.1x in case of any decline in the NAV of the Security Receipts The security would be created and perfected within a period of 60 days from the Date of Allotment.	
Frequency of Interest Payment	Annually	
Day count convention	Actual by actual	
Issue Open Date	30-Jul-2019	
Issue Close Date	30-Jul-2019	
Pay in Date	30-Jul-2019	
Deemed Allotment Date	30-Jul-2019	
Tenor	Series 1 Debentures 01-Sep-2021	Series 2 Debentures 01-Dec-2021
Issuance and Trading Mode of Instrument	DEMAT only	
Depository	NSDL	
Trustee	Vistra ITCL (India) Limited	
Record Date	15 days prior to each Coupon Payment / Redemption Payment	
Transaction Documents	All documents customary to the nature of this deal	
Financial Covenants	Gearing ratio (Debt : Equity) of 3.0x; Financial covenant will be tested every quarter. In the event the gearing exceeds 2.5x on any day during the tenor	

Phoenix ARC Private Limited

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	of the debentures, the Issuer (post receipt of the letter from the investor) will get a cure period of 60 days (from the day of breach) to reduce the gearing below 2.5x. In the event the Issuer fails to reduce the gearing below 2.5x by the end of the cure period, investor will have option to accelerate the repayment of the NCD by the giving a 30 days notice period. (Information needs to be shared by Phoenix ARC in any event that breaches the D/E ratio)
Ownership Covenants	Shareholding of Kotak Mahindra Bank Limited and/or its subsidiaries in the Issuer should not fall below 49.90% at any time during the tenor of the debenture
Delay in listing of debt securities	In case of delay beyond 20 days from the deemed date of allotment Issuer shall pay penal interest of at least @ 1% p.a. over coupon rate from expiry of 30 days from deemed date of allotment till listing of such securities
Conditions Precedent	As customary to the nature of this deal
Conditions Subsequent	As customary to the nature of this deal
Events of Default	Events of default including but not limited to the following 1. Failure to pay amounts due under the issue on the relevant due date by the Issuer 2. Insolvency/bankruptcy reorganisation, liquidation, suspension of payment of debts, winding up, illegality, cessation of business by the Issuer 3. Bankruptcy, recovery proceedings filed with respect to the Issuer 4. Breach of any of the terms of the Transaction Documents by the Issuer 5. Breach of any covenants 6. Breach of any Representations and Warranties 7. Nationalization or expropriation of any of a substantial part of the assets of the Issuer 8. Cross Default 9. Any other events as suggested by the Legal Counsel
Clear Market	During the period from the allotment date and including the date i.e. 45 days after the allotment date of the NCD, Phoenix ARC will not, without the prior written consent of the Investor, offer or issue, any debt securities having any covenants including financial or commercial i.e. rate of interest etc that are superior to the said NCDs.
Cure Period	1. Upon occurrence of any Event of Default above except for point 1 ,2 & 8 – (where there will be no cure period), the Issuer shall have a cure period of 30 (Thirty) days from the date of occurrence of such event to rectify the breach. 2. For point 3, in case of insolvency proceedings initiated by operational creditors the cure period is 30 days and no cure period for financial creditors 3. For point 8, there will be no cure period for a cross default in facility of more than 10 crores. For upto 10 crores facility, there will be a cure period of 2 business days.

Phoenix ARC Private Limited

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	4. No cure period in case of breach of Ownership Covenants
Consequences of Event of Default	The consequences of default, which is not cured within the applicable cure period, will include but not be limited to the following: 1. Acceleration of all outstanding dues, cancellation of total Issue and enforcement of Security 2. Enforce its rights under the Transaction Document 3. Charge default interest 4. Any other consequences as suggested by the Legal Counsel
Default / Penal Interest	Default / Penal Interest at 2% p.a.
Force Majeure	This Term Sheet is subject to, in the opinion of the investor, a) any material adverse change having occurred in any of the business, condition (financial operations, of the issuer (and its subsidiaries or parent company or promoter group) since the last available audited annual report, b) any circumstance, change or condition (including the continuation of an existing condition) in the domestic and international commercial bank, loan syndication, financial or capital market, political or economic conditions that, in the opinion of the prospective investor, would materially affect syndication and conclusion of the Facility; and c) any material adverse change having occurred in the financial markets in which the issuer and/or its principal assets are located or in the market for loans to and debt securities of India.

Request you to acknowledge and return a duplicate copy of this letter as a token of your acceptance of the above mentioned terms.

Yours Truly
For **Phoenix ARC Private Limited**

GauriB

Gauri Bhatkal
Chief Financial Officer

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