

XANDER FINANCE PRIVATE LIMITED

Incorporated as a private limited company having Corporate Identification Number U65921MH1997PTC258670 in the name and style of 'Chhattisgarh Finlease Private Limited' and registered with the Registrar of Companies, New Delhi (Certificate of Incorporation dated January 10, 1997). Pursuant to change of its name to 'Xander Finance Private Limited', new Certificate of Incorporation was issued on February 24, 2011 and pursuant to change of its registered office, the registration was shifted to Registrar of Companies, Mumbai, Maharashtra. It is also registered with the Reserve Bank of India as Systemically Important Non-Banking Finance Company.

Registered Office: 101, 5 North Avenue Maker Maxity, Bandra Kurla Complex, Mumbai – 400 051

Tel: +91 22 61196010 **Fax:** +91 22 61196080

Corporate Office: 101, 5 North Avenue Maker Maxity, Bandra Kurla Complex, Mumbai – 400 051

Tel: +91 22 61196010 **Fax:** +91 22 61196080

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PRICING SUPPLEMENT

THIS PRICING SUPPLEMENT (THE "PRICING SUPPLEMENT") WHICH CONTAINS PRICING AND OTHER TERMS AND CONDITIONS ARE SUPPLEMENTAL TO THE SHELF DISCLOSURE DOCUMENT (THE "SHELF DISCLOSURE DOCUMENT") DATED MARCH 08, 2018 FOR THE ISSUE BY WAY OF PRIVATE PLACEMENT OF LISTED, SECURED, FULLY REDEEMABLE, NON-CONVERTIBLE, DEBENTURES OF THE FACE VALUE OF RS. 10,00,000/- (RUPEES TEN LAKHS ONLY) EACH (THE "DEBENTURES") FOR CASH AT PAR AGGREGATING UPTO RS. 300,00,00,000/- (RUPEES THREE HUNDRED CRORES ONLY) TO BE ISSUED IN TWO SERIES DURING THE VALIDITY PERIOD OF THE SHELF DISCLOSURE DOCUMENT.

THIS PRICING SUPPLEMENT IS FOR THE ISSUE BY WAY OF PRIVATE PLACEMENT OF (1) LISTED, SECURED, FULLY REDEEMABLE, PARTLY PAID NON-CONVERTIBLE DEBENTURES OF THE FACE VALUE OF RS. 10,00,000/- (RUPEES TEN LAKHS ONLY) EACH (THE "SERIES III DEBENTURES") FOR AN AMOUNT AGGREGATING UPTO RS. 200,00,00,000/- (RUPEES TWO HUNDRED CRORES ONLY), WITH INITIAL PAID UP VALUE OF RS. 5,00,000 (RUPEES FIVE LAKHS ONLY) PER SERIES III DEBENTURE AGGEGATING TO RS. 100,00,00,000 (RUPEES ONE HUNDRED CRORES ONLY), AND (2) LISTED, SECURED, FULLY REDEEMABLE, FULLY PAID NON-CONVERTIBLE DEBENTURES OF THE FACE VALUE OF RS. 10,00,000/- (RUPEES TEN LAKHS ONLY) EACH (THE "SERIES IV DEBENTURES") FOR AN AMOUNT AGGREGATING UPTO RS. 100,00,00,000/- (RUPEES ONE HUNDRED CRORES ONLY), TO BE ISSUED DURING THE VALIDITY PERIOD OF THE SHELF DISCLOSURE DOCUMENT.

GENERAL DISCLAIMER

This Pricing Supplement is to be read in conjunction with the Shelf Disclosure Document. Specific terms contained in this Pricing Supplement will prevail over the general terms contained in the Shelf Disclosure Document. In the event of an inconsistency/difference between the Shelf Disclosure Document and this Pricing Supplement, the contents of this Pricing Supplement shall be deemed to prevail over the contents of the Shelf Disclosure Document to the extent of issue of the Debentures and its specific terms. All capitalized terms used in this Pricing Supplement, but not defined herein shall have the meanings assigned to them in the Shelf Disclosure Document and the Transaction Documents. All disclaimers made under the Shelf Disclosure Document shall be deemed to be made and repeated hereunder and the issue of Debentures hereunder shall be made subject to such disclaimers. Investment in debt and debt related securities involve a degree of risk and investors should not invest in any funds in the Debentures, unless they can afford to take the risks attached to such investments.

GENERAL RISK

Investors are advised to read the section “Risk Factors” in the Shelf Disclosure Document carefully before taking an investment decision in this offering. For taking an investment decision, the Investors must rely on their own examination of the Issuer and the offer/Issue including the risks involved. The offer being made on private placement basis, the Pricing Supplement and the Shelf Disclosure Document have not been filed with the Securities & Exchange Board of India (**SEBI**). The Debentures have not been recommended or approved by SEBI nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of the Investors is invited to the summarized and detailed Risk Factors mentioned elsewhere in the Shelf Disclosure Document. The submission of the Shelf Disclosure Document and/or the Pricing Supplement to the stock exchange should not in any way be deemed or construed to mean that the Shelf Disclosure Document and/or the Pricing Supplement has been reviewed, cleared or approved by the stock exchange; nor does the stock exchange in any manner warrant, certify, or endorse the correctness or completeness or adequacy of any of the contents of the Shelf Disclosure Document and/or the Pricing Supplement.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that the information contained in this Pricing Supplement, read with the Shelf Disclosure Document, is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

CREDIT RATING

ICRA has assigned the rating of ICRA A+ (pronounced ICRA A plus) to Rs. 200,00,00,000 (Rupees two hundred crores only) non-convertible debenture programme of Xander Finance Private Limited and additional Rs. 1000,00,00,000 (Rupees one thousand crores only) long term borrowings programme (bank lines/NCDs, out of which Rs. 100,00,00,000 (Rupees one hundred crores only) unallocated limit shall be utilised for this Issue). The outlook on the long-term rating is ‘Stable’.

The rating is not a recommendation to buy, sell or hold the Debentures and Investors should take their own decision. The rating may be subject to revision or withdrawal at any time by the assigning credit rating agency and each rating should be evaluated independently of any other rating. The ratings obtained are subject to revision at any point of time in the future. The rating agency has the right to suspend, withdraw the rating at any time on the basis of new information etc. For details, please refer to paragraph on ‘Credit Rating’ mentioned in the Shelf Disclosure Document. The credit rating letters dated July 11, 2017, February 19, 2018 and letter from ICRA revalidating these credit ratings dated February 26, 2018 are attached herewith as Annexure 2.

LISTING

The Debentures offered for subscription through this Pricing Supplement read with Shelf Disclosure Document are proposed to be listed on the Whole Sale Debt Market Segment (“**WDM Segment**”) of BSE Ltd. (the “**Bombay Stock Exchange**” or “**BSE**”). The BSE has through its letter no. DCS/COMP/IV/IP-PPDI/1261/17-18 dated March 06, 2018 granted its in-principle approval for listing of the Debentures.

ISSUE SCHEDULE		
Series III Debentures		
Issue Open Date: March 08, 2018		
Issue Close Date: March 08, 2018		
Pay-In Date: March 08, 2018 and March 23, 2018		
Series IV Debentures		
Issue Open Date: April 30, 2018		
Issue Close Date: April 30, 2018		
Pay-In Date: April 30, 2018		
ISSUER	DEBENTURE TRUSTEE	REGISTRAR TO THE ISSUE
Xander Finance Private Limited Registered Office: 101, 5 North Avenue Maker Maxity, Bandra Kurla Complex, Mumbai – 400 051 Tel: +91 22 61196010 Fax: +91 22 61196080 Email: info@xanderfinance.com Contact Person: Mr. Pankaj Rathi Website: www.thexandergroup.com	Catalyst Trusteeship Limited Registered Office: GDA House, Plot No. 85, Bhusari Colony (Right), Paud Road, Pune - 411 038 Tel : +91 22 49220555 Fax : +91 22 49220505 Email: umesh.salvi@ctltrustee.com Contact Person: Mr. Umesh Salvi Website: www.catalysttrustee.com	Link Intime India Private Limited Regd Office: C-101, 247 Park, LBS Marg, Vikhroli (West), Mumbai-400083 Tel: +91 22 49186000 Fax: +91 22 49186060 Email : bonds.helpdesk@linkintime.co.in Contact Person : Mr. Ganesh Jadhav Website: https://www.linkintime.co.in

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DEFINITIONS AND ABBREVIATIONS

As set forth in the Shelf Disclosure Document dated March 08, 2018.

DISCLAIMER

This Pricing Supplement issued under the Shelf Disclosure Document is neither a Prospectus nor a Statement in lieu of a Prospectus under the Companies Act and has been prepared in accordance with the SEBI Regulations. The Debentures are proposed to be listed on WDM Segment. Multiple copies hereof given to the same entity shall be deemed to be given to the same Person and shall be treated as such. It does not constitute and shall not be deemed to constitute an offer or an invitation to subscribe to the Debentures to the public in general or a section thereof.

This Pricing Supplement has been prepared to provide general information about the Issuer to potential investors to whom it is addressed and who are willing and eligible to subscribe to the Debentures. This Pricing Supplement does not purport to contain all the information that any potential investor may require. Neither this Pricing Supplement nor any other information supplied in connection with the Debentures is intended to provide the basis of any credit or other evaluation and any recipient of this Pricing Supplement should not consider such receipt a recommendation to purchase any Debentures. Each investor contemplating purchasing any Debentures should make its own independent investigation of the financial condition and affairs of the Issuer, and its own appraisal of the creditworthiness of the Issuer. Potential investors should consult their own financial, legal, tax and other professional advisors as to the risks and investment considerations arising from an investment in the Debentures and should possess the appropriate resources to analyze such investment and the suitability of such investment to such investor's particular circumstances.

The Debentures are offered pursuant to the terms and conditions pertaining to the Debentures outlined hereunder, read with the terms of the Shelf Disclosure Document to be filed with the Stock Exchange in relation to such issuance.

The Issuer confirms that, as of the date hereof, this Pricing Supplement (including the documents incorporated by reference herein, if any) does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading. No Person has been authorized to give any information or to make any representation not contained or incorporated by reference in this Pricing Supplement or in any material made available by the Issuer to any potential investor pursuant hereto and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer.

This Pricing Supplement and the contents hereof are restricted for only the intended recipient(s) who have been addressed directly and specifically through a communication by the Company and only such recipients are eligible to apply for the Debentures. All investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this Issue. The contents of this Pricing Supplement are intended to be used only by those investors to whom it is distributed. It is not intended for distribution to any other Person and should not be copied, reproduced, distributed or disclosed (in whole or in part) by the recipient to any other Person nor should any other Person act on it.

No invitation is being made to any Persons other than those to whom Application Forms and the Shelf Disclosure Document along with this Pricing Supplement being issued have been sent by or on behalf of the Issuer. Any application by a Person to whom the Shelf Disclosure Document and this Pricing Supplement has not been sent by or on behalf of the Issuer will be rejected without assigning any reason.

The Person who is in receipt of the Shelf Disclosure Document and this Pricing Supplement should maintain utmost confidentiality regarding the contents of the Shelf Disclosure Document

and this Pricing Supplement and should not reproduce or distribute in whole or part or make any announcement in public or to a third party regarding the contents.

Each Person receiving this Pricing Supplement acknowledges that:

Such Person has been afforded an opportunity to request and to review and has received all additional information considered by it to be necessary to verify the accuracy of or to supplement the information herein; and

Such Person has not relied on any intermediary that may be associated with issuance of Debentures in connection with its investigation of the accuracy of such information or its investment decision.

Neither the Issuer, nor its Affiliates or Promoters undertake to update the Pricing Supplement to reflect subsequent events after the date of circulation of the Pricing Supplement, and thus it should not be relied upon with respect to such subsequent events without first confirming its accuracy with the Issuer.

Neither the delivery of this Pricing Supplement nor the Issue of Debentures made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer since the date hereof.

This Pricing Supplement does not constitute, nor may it be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any Person to whom it is unlawful to make such an offer or solicitation. No action is being taken to permit an offering of the Debentures or the distribution of this Pricing Supplement in any jurisdiction where such action is required. The distribution of this Pricing Supplement and the offering of the Debentures may be restricted by law in certain jurisdictions. Persons into whose possession this Pricing Supplement comes are required to inform themselves about and to observe any such restrictions. The Pricing Supplement is made available to investors relating to the Issue on the strict understanding that the contents hereof are strictly confidential.

The Debentures are proposed to be listed on the WDM Segment of the BSE and are freely tradeable as per the rules, regulations and bye-laws of the BSE. The transferee of the Debentures shall be deemed to have read and understood the terms and conditions of the Debentures as is publicly available on the website of the BSE and/or available with the Debenture Trustee.

A copy of this Pricing Supplement shall be filed with the BSE, in terms of the SEBI Regulations. This Pricing Supplement has not and will not be filed with SEBI. The Debentures have not been recommended or approved by SEBI nor does SEBI guarantee the accuracy or adequacy of this document. It is to be distinctly understood that this document should not, in any way, be deemed or construed that the same has been cleared or vetted by SEBI. SEBI does not take any responsibility either for the financial soundness of any scheme or the project for which the Issue is proposed to be made, or for the correctness of the statements made or opinions expressed in this document. The issue of Debentures being made on private placement basis, filing of this document is not required with SEBI. However, SEBI reserves the right to take up at any point of time, with the Company, any irregularities or lapses in this document. It is further clarified that submission of this Pricing Supplement to the BSE should not in any way deemed or construed to mean that this Pricing Supplement has been reviewed, cleared or approved by the BSE; nor does the BSE in any manner warrant, certify, or endorse the correctness or completeness of any of the contents of this Pricing Supplement, nor does the BSE warrant that the Debentures will be listed or continue to be listed on the BSE; nor does the BSE take any responsibility for the soundness of the financial and other conditions of the Issuer, its Affiliates, its Promoters, or the business of the Issuer.

NOTE

Validity of the Shelf Disclosure Document

According to Regulation 21A of the SEBI Regulations, a shelf disclosure document is valid for a period of 180 days from the date of filing the document with a stock exchange. Accordingly, the Shelf Disclosure Document shall be valid for a period of 180 days from the date of its filing with the BSE.

Who can apply?

Only the persons who are specifically addressed through a communication by or on behalf of the Issuer directly are eligible to apply for the Debentures. An application made by any other person will be deemed as an invalid application and rejected. Hosting of this Pricing Supplement or the Shelf Disclosure Document on the websites of the BSE has been made in compliance with SEBI requirements and should not be construed as an offer or an invitation to offer to the Indian public or any section thereof.

The following categories of investors are eligible to apply for subscription to the Debentures:

- Individuals
- Hindu Undivided Family
- Trust
- Limited Liability Partnerships
- Partnership Firm(s)
- Portfolio Managers registered with SEBI
- Association of Persons
- Companies and Bodies Corporate including Public Sector Undertakings
- Commercial Banks
- Regional Rural Banks
- Financial Institutions
- Insurance Companies
- Mutual Funds
- Foreign Institutional Investors
- Other foreign entities allowed by SEBI and RBI
- Any other investor eligible to invest in these Debentures.

Each investor should assure itself of its eligibility to apply for the Debentures before making any investment in the Issue and comply with the relevant regulations / guidelines applicable to them for investing in this Issue. Prospective subscribers must make their own independent evaluation and judgment regarding their eligibility to invest in the Issue. The Issuer shall be under no obligation to verify the eligibility/authority of the investor to invest in and/or hold these Debentures. Further, mere receipt of the Shelf Disclosure Document and/or this Pricing Supplement (and/or any document in relation thereto) by a Person shall not be construed as any representation by the Issuer that such Person is authorized to invest in these Debentures or eligible to subscribe to these Debentures.

If after applying for subscription to these Debentures and/or allotment of Debentures to any Person, such Person becomes ineligible and/or is found to be ineligible to invest in/hold these Debentures, the Issuer shall not be responsible in any manner.

SUMMARY OF THE TERMS

Following is the summary of the terms of the issue:

Security Name	XFPL Series III – 9.70% 2021 (“Series III”) XFPL Series IV - 9.70% 2021 (“Series IV”)
Issuer	Xander Finance Private Limited (“XFPL” or “Issuer”)
Type of Instrument	In relation to Series III - Secured, listed, fully redeemable, non-convertible, partly paid up debentures having face value of Rs. 10,00,000 each and aggregating up to Rs. 200,00,00,000 and initial paid up value of Rs. 5,00,000 each and having aggregate initial paid up value of Rs. 100,00,00,000 issued on a private placement basis. In relation to Series IV - Secured, listed, fully redeemable, non-convertible, fully paid up debentures having face value of Rs. 10,00,000 each and aggregating up to Rs. 100,00,00,000 issued on a private placement basis.
Nature of Instrument	Secured and unsubordinated
Seniority	Pari-passu to the claims of the Existing Lenders
Mode of Placement	Private Placement
Issue Size	INR 300,00,00,000/- (Rupees Three Hundred Crores)
Eligible Investors	<p>The following categories of investors, when specifically approached, are eligible to apply for this private placement of Debentures</p> <ul style="list-style-type: none">• Individuals• Hindu Undivided Family• Trust• Limited Liability Partnerships• Partnership Firm(s)• Portfolio Managers registered with SEBI• Association of Persons• Companies and Bodies Corporate including Public Sector Undertakings• Commercial Banks• Regional Rural Banks• Financial Institutions• Insurance Companies• Mutual Funds• Foreign Institutional Investors• Other foreign entities allowed by SEBI and RBI• Any other investor eligible to invest in these Debenture <p>All investors are required to comply with the relevant regulations / guidelines applicable to them for investing in this Issue of Debentures.</p> <p>Prospective subscribers must make their own independent evaluation and judgment regarding their eligibility to invest in</p>

	the issue.	
Security	First Pari-passu charge on the Receivables to the extent of 1.10 times of the aggregate outstanding face value NCDs during the tenor of NCDs.	
Option to retain oversubscription	Not Applicable	
Minimum Application Size	Series III - 10 Debenture(s) and in multiples of 10 Debenture(s) thereafter Series IV - 10 Debenture(s) and in multiples of 10 Debenture(s) thereafter	
Face Value	Series III - Rs. 10,00,000 (Rupees Ten Lakhs) per Debenture Series IV - Rs. 10,00,000 (Rupees Ten Lakhs) per Debenture	
Issue Price	Series III - Rs. 10,00,000 (Rupees Ten Lakhs) per Debenture with initial paid up value of Rs. 5,00,000 per Debentures and balance Rs. 5,00,000 payable on March 23, 2018 ("Call Date"). Series IV - Rs. 10,00,000 (Rupees Ten Lakhs) per Debenture	
Series	XFPL Series III – 9.70% 2021	XFPL Series IV – 9.70% 2021
Issue Size (Series wise)	INR 200 crores	INR 100 crores
Partly Paid up / Fully Paid up	Partly paid - To be paid in 2 equal instalments	To be fully paid
Tenor	36 months	36 months
Principal Redemption	4 equal semi-annually installments ending September & March from 2 nd year onwards after 1 year from the Deemed Date of Allotment of Series III Debentures.	4 equal semi-annually installments ending October and April from 2 nd year onwards after 1 year the Deemed Date of Allotment of Series IV Debentures
Coupon Rate / Interest Rate	9.70 % p.a.	9.70 % p.a.
Deemed Date of Allotment	March 8, 2018	April 30, 2018
Redemption Date	March 15, 2021	April 30, 2021
Step Up/Step Down Coupon Rate	Not Applicable	
Coupon Payment frequency	Quarterly and on maturity	
Coupon Payment dates	At the end of each quarter ending June, September, December and March commencing from June 30, 2018	At the end of each quarter July, October, January and April commencing from July 31, 2018
Coupon Type	Fixed	
Coupon Reset Process	Not Applicable	
Day Count Basis	Actual/ Actual. It is clarified that in case of Interest payment in a leap year, the same shall be calculated taking the number of days as 366 (three hundred and sixty six) days (per the SEBI Circular dated November 11, 2016 bearing reference CIR/IMD/DF-	

	1/122/2016).
Interest of Application Money	Interest at applicable Coupon Rate will be paid on the application money to the subscriber (subject to the deduction of tax at source at prevailing rates, as applicable). Such interest will be paid for the period commencing from the date of credit of amount up to but excluding the Deemed Date of Allotment. Such interest will be paid to the relevant applicants within 7 (seven) Business Days from the Deemed Date of Allotment.
Redemption Amount	Face Value at Par
Redemption Premium/Discount	Not Applicable
Prepayment	Prepayment of any Series of Debentures can be undertaken with prior written permission of the Majority Debenture Holders. Prepaid amount can be applied across any Series or all Series, at the option of the Issuer, and shall be applied pro rata across as the Debentures of the relevant Series that is being prepaid.
Put option date	Not Applicable
Put option price	Not Applicable
Call option date	Not Applicable
Call option price	Not Applicable
Put Notification time	Not Applicable
Call Notification time	Not Applicable
Discount at which security is issued and the effective yield as a result of such discount	Not applicable
Issue Timing (Series – III)	
1. Issue Opening Date	March 8, 2018
2. Issue Closing Date	March 8, 2018
3. Pay-in Date	March 8, 2018 and March 23, 2018
4. Deemed Date of Allotment	March 8, 2018
Issue Timing (Series –IV)	
1. Issue Opening Date	April 30, 2018
2. Issue Closing Date	April 30, 2018
3. Pay-in Date	April 30, 2018
4. Deemed Date of Allotment	April 30, 2018
Rating	‘[ICRA] A+’ by ICRA Limited
Listing	BSE WDM Segment within 15 (twenty) days of the date of the allotment. In case of delay in listing beyond a period of 20 (twenty) days from the Deemed Date of Allotment, the Issuer will pay penal interest of 1% (One percent) per annum over the

	Coupon Rate to the Investor for the period from the expiry of 20 (twenty) days from the Deemed Date of Allotment till the listing of such Debentures.
Market lot	The minimum lot size for trading shall be 1 Debenture and in multiples of 1 thereafter
Issuance mode of Debentures	Demat
Trading mode of the Debentures	Demat
Settlement mode of the Debentures	Payment on redemption will be made by RTGS / NEFT in the name of the Debenture Holders whose names appear on the list of beneficial owners given by the Depository to the Issuer as on the Record Date.
Depository	NSDL and CDSL
Security Creation	<ul style="list-style-type: none"> For each Series, Security to be created within 60 days from the Deemed Date of Allotment of such Series (“Original Time Frame”). Failure to create security within the Original Time Frame, will attract 2% p.a. penal interest over and above the coupon, during additional period of 60 days (“Grace Period”) after lapse of Original Time Frame until the security is created. Penal Interest in absence of demand shall be payable on the coupon payment date. Failure to create security within the “Grace Period” will result into Event of Default (however, failure to create Security with the Original Time Frame shall not result in occurrence of an Event of Default) and shall be dealt as per guidelines laid out in below in “Consequence of EOD” section of this Pricing Supplement.
Objects of the Issue	Funds will be utilized for NBFC Business: i.e. onward lending and ongoing fund requirements
Details of utilization of proceeds	Funds will be utilized for NBFC Business: i.e. onward lending and ongoing fund requirements
Condition Precedent	<p>The following documents shall have been submitted with the Debenture Trustee:</p> <ol style="list-style-type: none"> 1. Certified true copy of latest Memorandum and Articles of the Company. 2. Certified copy of Board Resolution authorizing issue of Debentures offered under terms of this Shelf Disclosure Document and other relevant Transaction Documents and the list of authorized signatories. 3. Certified true copy of the resolutions of the shareholders of the Issuer for private placement of the Debentures. 4. Copy of the consent letter from Link Intime India Private Limited for acting as registrar to the issue 5. Copy of the letter from ICRA conveying the credit rating for part of the Debentures of the Company and

	<p>the rating rationale pertaining thereto.</p> <p>6. Copy of the in-principal approval from by BSE for listing of Debentures.</p> <p>7. Copy of the tripartite agreement between the Company, National Securities Depository Ltd/Central Depository Services (India) Ltd and the Registrar to the Issue of Debentures in dematerialized form.</p>
Financial Covenants	<ul style="list-style-type: none"> • Capital Risk Adequacy Ratio ('CRAR') of the Issuer shall not fall below 25% during the tenor of the NCDs • Debt to equity ratio ('D/E Ratio) of the Issuer to be maintained at 3 times during the tenor of the NCDs <p>All financial covenants to be tested on a quarterly basis based on unaudited / audited financial statements. Further a variation of 5% on CRAR and D/E Ratio will be permitted for operational ease.</p> <ul style="list-style-type: none"> • Shareholding of Xander Credit Pte. Ltd., in the Issuer should not fall below 51%. Consent of the Majority Debenture Holders shall be obtained 30 days prior to Xander Credit Pte. Ltd's shareholding in the Issuer falling below 51%. In case the said consent is not received from Majority Debenture Holders within 30 days, it would be considered as deemed consent. • If the rating of the Issuer falls to BBB+ (downgrade by 3 notches from A+), the Issuer will have a call option for making prepayment within a period of 60 days from such downgrade date and if such call option is not exercised by Issuer within a period of 60 days, coupon on the outstanding NCDs will be stepped up by 2% from such expiry of 60 days time period. • If the rating falls to BBB or below (downgrade by 4 notches from A+), debenture holders will have a put option on the Issuer for making the prepayment of the NCDs. • No change in name of the Issuer (Any change in the name of the Issuer, a 30 days prior consent from Majority Debenture Holders would be required.). In case the said consent is not received from Majority Debenture Holders within 30 days, it would be considered as deemed consent. <p>Above financial covenants can be amended if Majority Debenture Holders give their consent.</p>

Condition Subsequent	<ul style="list-style-type: none"> For each Series Security Creation shall be undertaken within 60 days from the deemed date of allotment of such series
Business day/Holiday convention	<ul style="list-style-type: none"> Should any of the date(s), including the Date of Allotment/Deemed Date of Allotment, or the Record Date, as defined in the Disclosure Document, falls on a Saturday or Sunday or a public holiday or no high value clearing or no RTGS is available for any reason whatsoever at a place where the Registered/Corporate Office is situated, the next Working Day shall be considered as the effective date. Should the Maturity Date or Redemption Date or Interest servicing date of the debt securities fall on a Saturday, Sunday or a public holiday or no high value clearing or no RTGS is available for any reason whatsoever at a place where the Registered/Corporate Office is situated, the Interest payments or redemption proceeds shall be paid on the previous working day.
Record Date	The date, as may be fixed by the Company, which would be atleast 7 days (or such other date as the Board may decide) before, the determination of the persons entitled to receive Interest and/or Principal amount in respect of the Debentures.
Governing Law and Jurisdiction	The Debentures are governed by and will be construed in accordance with the Indian law. The Company, the Debentures and Company's obligations under the Debentures shall, at all times, be subject to the directions of SEBI. The Debenture holders, by purchasing the Debentures, agree that the Mumbai Courts shall have exclusive jurisdiction with respect to matters relating to the Debentures.
Roles and responsibilities of the Debenture Trustee	Subject to the terms of the Debenture Trust Deed, all the rights and remedies of the Debenture Holders shall vest in and shall be exercised by the Debenture Trustee without referring to the Debenture Holders. The Investors/ Debenture Holders are deemed to have irrevocably given their authority and consent to Catalyst Trusteeship Limited to act as the Debenture Trustee and for doing such acts, deeds and things necessary in respect of such debentures and signing such documents to carry out their duty in such capacity. All rights and remedies under the Debenture Trust Deed shall rest and be exercised by the Debenture Trustee without any reference to the Debenture Holders. Any payment by the Issuer to the Debenture Trustee on behalf of the Debenture Holders shall discharge the Issuer <i>pro tanto</i> to the Debenture Holders. The Debenture Trustee shall have the right to provide any consent for any restructuring or amalgamation by the Issuer, if it is satisfied that the rights and interests of the Debenture Holders would not be detrimentally affected by such restructuring or amalgamation. Resignation/retirement of the Debenture Trustee shall be as per terms of the Debenture Trust Deed entered into/ to be entered into between the Issuer and the Debenture Trustee. A notice in writing to the Debenture

	<p>Holders shall be provided for the same.</p> <p>The Debenture Trustee <i>ipso facto</i> does not have the obligations of the Company as a principal debtor or as a guarantor as to the monies paid/invested by the Investors /Debenture Holders for the Debentures.</p> <p>The Debenture Trustee shall duly intimate the Debenture Holders and the general public by issuing a press release on occurrence of any of the following events:</p> <ul style="list-style-type: none"> (i) Default by the Issuer to make payments of any amounts in relation to the Debentures including the Interest etc; and (ii) Revision of credit rating assigned to the Debentures. <p>Such information shall also be placed on the websites of the Debenture Trustee and the Issuer.</p>
Default in Payment	In case of default in payment of Interest or Principal on due dates, additional interest @ 2.00% over the coupon rate will be payable by the company for the defaulting period. In absence of demand such interest shall be payable on coupon payment date.
Material Transaction Documents	<ul style="list-style-type: none"> • Letter of appointment appointing Catalyst Trusteeship Limited as Debenture Trustee to the Debenture holders. • Debenture Trust Deed • Letter of appointment appointing a Registrar and Transfer Agent (“Registrar”). • Memorandum & Articles of Association of the Company. • Latest Board Resolution authorizing issue of Debentures offered under terms of the Disclosure Document. • Letter from Rating agencies conveying the credit rating for the Debentures of the Company (not more than 1 month old from the deemed date of allotment). • Rating rationale pertaining to the NCDs. • Any other documentation in form and substance customary for Transactions of this nature.
Expenses	The Issuer shall bear all expenses for consummating the transaction including but not limited to legal, accounting, payment of regulatory charges and technical due diligence.
Taxation	All taxes as per law excluding Income Tax, as and when applicable on the instrument from time to time shall be borne by the Company.
Cross Default Clause	A default in any of the existing credit facility to XFPL will be construed as an Event of Default in relation to the Debentures and Majority Debenture Holders will have right to accelerate maturity of the Debentures with 30 (thirty) days' notice.
Event of Default	<p>An Event of Default shall have occurred upon the happening of any event or circumstances, including those mentioned hereunder after giving 30 days' time for rectification of the same:</p> <ul style="list-style-type: none"> • Any delay in payment of coupon or redemption proceeds –

	<p>no grace/cure period applicable</p> <ul style="list-style-type: none"> • Non-execution of any of the security creation documents such as Debenture Trust Deed or any other document as may be prescribed by the Debenture Trustee for creation of security, to the satisfaction of the Debenture Trustee even after expiry of the grace period. • Cross default with any other financial indebtedness of the Issuer. • If the issuer voluntarily or compulsorily goes into liquidation or ever has a receiver appointed in respect of its assets or refers itself to the National Company Law Tribunal or under any other law providing protection as a relief undertaking; • If the issuer commences a voluntary proceeding under any applicable bankruptcy, insolvency, winding up or other similar law now or hereafter in effect, or admits inability to pay its respective debts as they fall due, or consents to the entry of an order for relief in an involuntary proceeding under any such law, or consents to the appointment of or the taking of possession by a receiver, liquidator, assignee (or similar official) for any or a substantial part of its respective property; • If a petition is filed for the winding up of the issuer and the same is admitted, and such petition is not dismissed or stayed within a period of 30 (thirty) days of such petition being admitted; • Breach of any material representations and/or warranties or covenants contained in this Deed or any other Transaction Document, which is detrimental to the interest of the Debenture Holders in the discretion of the Debenture Trustee (acting on the instructions of the Majority Debenture Holders) or any such representations and/or warranties are found to be untrue, misleading or incorrect, when made or deemed to be made;
Force Majeure	<p>This offer and the mandate would be contingent on the assumption that from the date of the offer/ mandate to the Date of Disbursement, there are no material adverse changes in either the financial conditions of the issuer due to, but not limited to, unforeseen catastrophic conditions, which in the reasonable opinion of the Debenture Holders would make it inadvisable to proceed with the deal. In the case of such material adverse changes the terms of this offer /mandate may need to be renegotiated to the mutual satisfaction of the Debenture Holders and the Issuer.</p>
Letter of Allotment	<p>The Issuer shall ensure the Debentures are credited to the Demat accounts of investors within 10 working days from the Deemed Date of Allotment</p>
Majority Debenture Holders	<p>At any point in time, the Debenture Holders holding such number of Debentures whose aggregate face value represents more than 50 (fifty) per cent of the aggregate face value of all Debentures issued and outstanding at that time</p>

Balance Value	In the event any Debenture Holder does not pay the balance face value by the Call Date on account of operational issues, then the balance face value of the Debentures shall be made not later than 7 (seven) days from the Call Date.
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DISCLOSURES UNDER SEBI REGULATIONS AND COMPANIES ACT, 2013

It is hereby declared that this Pricing Supplement along with Shelf Disclosure Document contains full disclosures in accordance with the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (issued vide circular no. LAD-NRO/GN/2008/13/127878 dated June 06, 2008), as amended by Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012 issued vide circular no. LAD-NRO/GN/2012-13/19/5392 dated October 12, 2012 and Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2014 issued vide circular no. LAD-NRO/GN/2013-14/43/207 dated January 31, 2014 and Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2016 issued vide Circular No. LAD-NRO/GN/2016-17/004 dated May 25, 2016 and Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2017 issued vide Circular No.. LAD-NRO/GN/2017-18/009 dated June 13, 2017 and Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Second Amendment) Regulations, 2017 issued vide Circular No. LAD-NRO/GN/2017-18/023 dated December 15, 2017 and the RBI guidelines on Raising Money through Private Placement of NCDs by NBFCs issued by RBI Circular No. RBI/2014-15/475 DNBR (PD) CC No. 021/03.10.001/2014-15 dated February 20, 2015 (now consolidated in the RBI NBFC Master Directions 2016), as amended from time to time and the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014.

The Issuer having made all reasonable inquiries, accepts responsibility for and confirms that the information contained in this Pricing Supplement is true and correct in all material aspects and is not misleading in any material respect and that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. The Issuer accepts no responsibility for statements made otherwise than in this Pricing Supplement or any other material issued by or at the instance of the Issuer and anyone placing reliance on any other source of information would be doing so at his/her/their own risk. The information contained in this Pricing Supplement is as applicable to privately placed debt securities and subject to information available with the Issuer. The extent of disclosures made in the Shelf Disclosure Document and the Pricing Supplement is materially consistent with disclosures permitted by regulatory authorities to the issue of securities made by companies in the past.

I, as the Managing Director of the Issuer, hereby confirm that:

- a. the Issuer has complied with the provisions of the Companies Act and the rules made thereunder;
- b. the compliance with the Companies Act and the rules does not imply that payment of dividend or interest or repayment of debentures, if applicable, is guaranteed by the Central Government;
- c. the monies received under the offer shall be used only for the Object.

I am authorised by the Board of Directors of the Company vide resolution dated February 26, 2018 to sign this Pricing Supplement and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of this subject matter of this Pricing Supplement and matters incidental thereto have been complied with. Whatever is stated in this Pricing Supplement read with Shelf Disclosure Document and in the attachments thereto is true, correct and complete and no information material to the subject matter of this Pricing Supplement has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the memorandum of association and articles of association.

Signed for **Xander Finance Private Limited**



Name: Amar Merani

Designation: Managing Director

Date: March 08, 2018

Place: Mumbai



ANNEXURE 1 – DEBENTURE CASH FLOW

ILLUSTRATION OF BOND CASH FLOW

SERIES III DEBENTURES

Coupon %	9.70% per annum
Coupon Frequency	Quarterly commencing from June 30, 2018
Principal Moratorium	1 Year
Repayment Schedule	4 equal half yearly instalments after 1 Year

Dates	Drawdown	Principal Repayments	Coupon payments
08-Mar-18	1,000,000,000	-	-
23-Mar-18	1,000,000,000	-	-
30-Jun-18	-	-	57,136,986
30-Sep-18	-	-	48,898,630
31-Dec-18	-	-	48,898,630
31-Mar-19	-	-	47,835,616
30-Jun-19	-	-	48,367,123
30-Sep-19	-	500,000,000	48,898,630
31-Dec-19	-	-	36,673,973
31-Mar-20	-	500,000,000	36,275,342
30-Jun-20	-	-	24,183,562
30-Sep-20	-	500,000,000	24,449,315
31-Dec-20	-	-	12,224,658
15-Mar-21	-	500,000,000	9,832,877
Total	2,000,000,000	2,000,000,000	443,675,342

SERIES IV DEBENTURES

Coupon %	9.70% per annum
Coupon Frequency	Quarterly Commencing from July 31, 2018
Principal Moratorium	1 Year
Repayment Schedule	4 equal half yearly installments after 1 Year

Dates	Drawdown	Principal Repayments	Coupon payments
30-Apr-18	1,000,000,000	-	-
31-Jul-18	-	-	24,715,068
31-Oct-18	-	-	24,449,315
31-Jan-19	-	-	24,449,315
30-Apr-19	-	-	23,652,055
31-Jul-19	-	-	24,449,315
31-Oct-19	-	250,000,000	24,449,315
31-Jan-20	-	-	18,336,986
30-Apr-20	-	250,000,000	17,938,356
31-Jul-20	-	-	12,224,658
31-Oct-20	-	250,000,000	12,224,658
31-Jan-21	-	-	6,112,329
30-Apr-21	-	250,000,000	5,913,014
Total	1,000,000,000	1,000,000,000	218,914,384

ANNEXURE – 2

RATING LETTER & RATING RATIONALE FROM ICRA



ICRA

ICRA Limited

CONFIDENTIAL

Ref: 2017-18/MUMR/1785
February 26, 2018

Mr. Amar Merani
Chief Executive Officer
Xander Finance Private Limited
5 North Avenue, 10th Floor
Maker Maxity, Bandra Kurla Complex
Mumbai 400 051

Dear Sir,

Re: Revalidation of ICRA Credit Rating for Non Convertible Debenture Programme (NCDs) of Rs. 200 crore and Long Term Borrowing (Bank Lines/NCDs) Programme of Rs. 1000 crore of Xander Finance Private Limited

This is with reference to your request dated February 22, 2018 for re-validating the rating for the captioned programme.

We hereby confirm that the rating “[ICRA]A+” (pronounced ICRA A plus) with Stable Outlook assigned to the captioned programme and last communicated to you vide our letters dated February 19, 2018 and July 11, 2017 stands. Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations.

The other terms and conditions for the credit rating of the aforementioned instrument shall remain the same vide our letters Ref No: 2017-18/MUM/1788 dated February 19, 2018 and Ref No: 2017-18/MUM/0471 dated July 11, 2017.

With kind regards,

Yours faithfully,
For ICRA Limited


KARTHIK SRINIVASAN
Senior Vice President
karthiks@icraindia.com


VIBHOR MITTAL
Vice President
vibhorm@icraindia.com

3rd Floor, Electric Mansion,
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Prabhadevi, Mumbai 400 025.

Tel. : + 91 22 6169 3300 / 301
Fax : + 91 22 2433 1390
CIN : L74999DL1991PLC042749

Website : www.icra.in
email : mumbai@icraindia.com

Registered Office : 1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi - 110 001, Tel.: +(91-11) 23357940-50 Fax : +(91-11) 23357014

RATING • RESEARCH • INFORMATION



ICRA

ICRA Limited

CONFIDENTIAL

Ref: 2017-18/MUM/0471
July 11, 2017

Mr. Amar Merani
Chief Executive Officer
Xander Finance Private Limited
5 North Avenue, 10th Floor
Maker Maxity, Bandra Kurla Complex
Mumbai 400 051

Dear Sir/ Madam,

ICRA Credit Rating for Rs 1000 Crore Long Term Borrowing Programme (Bank Lines/Debentures) of Xander Finance Private Limited

As you would be aware, in terms of the Rating Agreement received from the clients, ICRA is required to review its ratings, on an annual basis, or as and when the circumstances so warrant.

Please note that the Rating Committee of ICRA, after due consideration of the latest development in your company, has upgraded the rating of your long term borrowing programme to "**[ICRA]A+**" (pronounced as ICRA A plus) from "**[ICRA]A**" (pronounced as ICRA A). The Outlook on the long-term rating has been revised to **Stable** from Positive. Instruments with [ICRA] A rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk. Within this category modifiers {"+" (plus) / "-"(minus)} can be used with the rating symbols. The modifiers reflect the comparative standing within the category.

ICRA reserves the right to review and/ or, revise the above rating at any time on the basis of new information or unavailability of information or such other circumstances, which ICRA believes, may have an impact on the rating assigned to you.

The rating, as aforesaid, however, should not be treated as a recommendation to buy, sell or hold the instruments issued by you. You are requested to furnish a periodic statement (as per enclosed format) of timely payment of all obligations on your rated debt program . You are requested to forthwith inform us about any default or delay in repayment of interest or principal amount of the instrument rated, as above, or any other debt instruments/ borrowing.

You are also requested to keep us forthwith informed of any other developments which may have a direct or indirect impact on the debt servicing capability of the company including any proposal for re-schedule or postponement of the repayment programmes of the dues/ debts of the company with any lender(s) / investor(s).

Further, you are requested to inform us immediately as and when the borrowing limit for the instrument rated, as above, or as prescribed by the regulatory authority (ies) is exceeded.

We thank you for your kind cooperation extended during the course of the rating exercise. Please let us know if you need any clarification.

We look forward to further strengthening our existing relationship and assure you of our best services.

With kind regards,

Yours sincerely,
For ICRA Limited

ANJAN DEB GHOSH
Executive Vice President
aghosh@icraindia.com

VIBHOR MITTAL
Vice President
vibhorm@icraindia.com



ICRA

ICRA Limited

CONFIDENTIAL

Mr. Amar Merani
Chief Executive Officer
Xander Finance Private Limited
5 North Avenue, 10th Floor
Maker Maxity, Bandra Kurla Complex
Mumbai 400 051

Dear Sir,

Re: ICRA Credit Rating for the Rs. 200 crore Non-Convertible Debenture (NCD) Programme of Xander Finance Private Limited

Please refer to the Rating Agreement dated February 14, 2018 for carrying out the rating of the aforesaid NCD Programme. The Rating Committee of ICRA, after due consideration, has assigned a [ICRA]A+ (pronounced as ICRA A plus) rating to the captioned NCD Programme. Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk. The outlook on the long-term rating is 'Stable'.

In any of your publicity material or other document wherever you are using our above rating, it should be stated as [ICRA]A+ (stable). We would request if you can sign the acknowledgement and send it to us latest by **February 26, 2018** as acceptance on the assigned rating. In case you do not communicate your acceptance/non-acceptance of the assigned credit rating, or do not appeal against the assigned credit rating by the aforesaid date, the credit rating will be treated by us as non-accepted and shall be disclosed on ICRA's website accordingly. This is in accordance with requirements prescribed in the circular dated June 30, 2017 on '**Monitoring and Review of Ratings by Credit Rating Agencies(CRAs)**' issued by the Securities and Exchange Board of India.

Any intimation by you about the above rating to any Banker/Lending Agency/Government Authorities/Stock Exchange would constitute use of this rating by you and shall be deemed acceptance of the rating.

This rating is specific to the terms and conditions of the proposed issue as was indicated to us by you and any change in the terms or size of the issue would require the rating to be reviewed by us. If there is any change in the terms and conditions or size of the instrument rated, as above, the same must be brought to our notice before the issue of the instrument. If there is any such change after the rating is assigned by us and accepted by you, it would be subject to our review and may result in change in the rating assigned. ICRA reserves the right to review and/or, revise the above at any time on the basis of new information or unavailability of information or such other circumstances, which ICRA believes, may have an impact on the rating assigned to you. The rating, as aforesaid, however, should not be treated as a recommendation to buy, sell or hold the bonds, debentures and/ or other instruments of like nature to be issued by you.

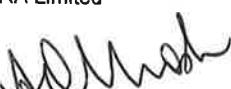
As mentioned above and in accordance with the aforesaid circular issued by SEBI, you are requested to furnish a monthly '**No Default Statement (NDS)**' (in the format enclosed) on the first working day of every month, confirming the timeliness of payment of all obligations against the rated debt programme.

You are also requested to forthwith inform us about any default or delay in repayment of interest or principal amount of the instrument rated, as above, or any other debt instruments/ borrowing and keep us informed of any other developments which may have a direct or indirect impact on the debt servicing capability of the company including any proposal for re-schedulement or postponement of the repayment programmes of the dues/ debts of the company with any lender(s) / investor(s). Further, you are requested to inform us immediately as and when the borrowing limit for the instrument rated, as above, or as prescribed by the regulatory authority(ies) is exceeded.

Enclosed herewith is a copy of the rationale of the assigned rating for your reference. Please respond with your comments if any within the aforesaid timeline of **February 26, 2018**.

We thank you for your kind cooperation extended during the course of the rating exercise. Should you require any clarification, please do not hesitate to get in touch with us. We look forward to your communication and assure you of our best services.

With kind regards,
For ICRA Limited


ANJAN DEB GHOSH
Executive Vice President
aghosh@icraindia.com


KARTHIK SRINIVASAN
Senior Vice President
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RATING • RESEARCH • INFORMATION

Ref: 2017-18/MUM/1788
Date: February 19, 2018

Xander Finance Private Limited

February 22, 2018

Summary of rated instruments

Instrument*	Previous Rated Amount(Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Non-convertible debenture programme	-	200.00	[ICRA]A+(stable); assigned
Long-Term Bank Lines	500.00	500.00	[ICRA]A+(stable); outstanding
Long-Term Borrowing Programme	1,000.00	1,000.00	[ICRA]A+(stable); outstanding
Commercial Paper	300.00	300.00	[ICRA]A1+; outstanding
Total	1,800.00	2,000.00	

*Instrument details are provided in Annexure-1

Rating action

ICRA has assigned the rating of [ICRA]A+ (pronounced ICRA A plus) to the Rs. 200 crore non-convertible debenture programme of Xander Finance Private Limited (XFPL). The outlook on the long-term rating is 'Stable'.

ICRA has a rating of [ICRA]A+ (stable) outstanding for the Rs. 1,000 crore long-term borrowing programme and the Rs. 500 crore long-term bank lines. ICRA also has a rating of [ICRA]A1+ (pronounced ICRA A one plus) outstanding for the Rs. 300 crore commercial paper programme of XFPL.

Rationale

The rating takes into account the healthy performance of the company with a scaling up of loan book, consistent profitability metrics, its improved funding profile with sizeable borrowings raised from public and private banks, strong process orientation, comfortable gearing and strong capitalization levels. The rating continues to factor in the sponsor profile of XFPL, the entity is owned by the Xander Group Inc., an institutional investment firm having considerable experience, knowledge and investment exposure in the Indian market. The ratings also take into account XFPL's leadership, strong core management team comprising seasoned industry professionals, its sound credit assessment, underwriting and risk management processes, experienced credit committee, and its focus on secured lending with emphasis on strong cash flow visibility and adequate security cover from the project. ICRA has also taken comfort from the expectation of further equity support being available to XFPL from its parent group or other institutional investors as it expands its portfolio. Furthermore, the company's healthy capitalization levels, demonstrated ability to mobilise debt funding and healthy liquidity profile with the presence of undrawn bank lines provides the company with headroom to grow given the strong deal pipeline; XFPL's leveraging plans remain modest with peak expected gearing of around 3 times.

These strengths are however offset by the moderate operating track record of the entity in the Indian credit market, its wholesale lending model leading to highly concentrated nature of its portfolio which exposes asset quality to sharp deterioration in case of any slippages, and high sectoral concentration with predominant portion of the exposures being to real estate sector (70% as on December 31, 2017). However, the company has built-up a team for corporate lending with the objective to diversify its loan book outside real estate. During the current fiscal the company reported a marginal deterioration in asset quality with gross non-performing assets to advances (GNPA %) increasing to 0.84% as of December 31, 2017 from nil reported till March 31, 2017 on account of slippage in one real estate account. However, the asset quality continues to remain adequate. ICRA also draws comfort from the measures taken by XFPL's in its proactive resolution, sound credit assessment with conservative underwriting norms, strong process orientation and adequate risk management systems. Going forward, the ability of the company to manage its growth while maintaining sound asset

quality profile would be a key monitorable. Other key sensitivities for the company include the ability to diversify its exposures both borrower-wise and sectorally, mobilise funding resources at cost effective rates to fund its growth requirements and maintain prudent capitalisation.

Outlook: Stable

ICRA believes XFPL would continue to benefit from the Group's track record in the real estate space (both on the investment and lending fronts) in the Indian markets and its experienced senior management team. The outlook may be revised to 'Positive' if the company is able to increase its scale of operations while maintaining stable asset quality indicators and healthy internal accruals. The outlook may be revised to 'Negative' if there is sharp deterioration in asset quality indicators which would adversely impact its profitability.

Key rating drivers

Credit strengths

Strong sponsor profile and strong core management team - XFPL is the credit arm of the Xander Group Inc. (Xander), an institutional investment firm focused on long term, value investing. Xander invests primarily in companies which operate in the infrastructure, hospitality, entertainment, retail and real estate sectors, with an equity portfolio of over US\$ 2 billion currently under management. XFPL remains an integral part of the Group's growth plans and draws the advantage of leveraging the group's network and domain expertise. For instance, the company enjoys operational support from the group in terms of representation on the credit committee. The company has an experienced senior management team, comprising seasoned industry professionals, at the helm which further supports its operations.

Sound credit assessment process - XFPL has a multi-step approval process before final sanction underlining the sound and extensive credit assessment framework put in place. As a part of its credit philosophy, XFPL engages only in secured lending with cash flows of the real estate project predominately being the primary security while land mortgage; share pledge; corporate guarantee and promoter personal guarantee are the other collaterals taken along with escrow of cash flows with a pre-designated waterfall mechanism and debt service reserve account (DSRA) and interest service reserve account (ISRA) requirements being built in the deals to enhance credit security. Further, the escrow accounts are monitored on a regular basis while the bank statement and MIS reports monitored on a monthly basis. The company's selective deal selection strategy thus far and secured nature of all exposures; good collateral covers and its high engagement in cash flow monitoring provide comfort from a credit perspective. However, given the focus on the real estate industry, particularly given the slowdown in the real estate sector, the credit risks remain moderate-high.

Healthy capitalisation levels and modest gearing plans in the long term - The company remains adequately capitalized with a net worth of over Rs. 487 crore and a capital adequacy ratio of 36.33% as on December 31, 2017 supported by capital infusion from its parent in the past and the adequate internal capital generation of XFPL. During FY2017, XFPL reported a return on asset (RoA) of 5.2% and a return on equity (RoE) of 13.6%. The leverage of XFPL was 1.79 times as of March 31, 2017. Going forward, the company would look to maintain a gearing of around 3 times with further capital support from its parent or marquee institutional investors expected to remain forthcoming as the company grows its business.

Healthy asset quality indicators; higher than regulatory provision maintained on loan assets – While the private equity arm of the Xander Group has been operational in India since 2005, XFPL has been operational for over 7 years. During its moderate operational period, the company has demonstrated its ability to maintain healthy asset quality indicators with NIL delinquencies as on March 31, 2017. As of December 31, 2017 however, the gross NPA% and the net NPA% stood at 0.84% and 0.75% respectively following slippage in one account during Q2FY2018. XFPL continues to have charge on

adequate security on the loan asset and will continue to make provisions as per regulatory requirements. Further, XFPL has been maintaining significantly higher standard asset provisioning than those prescribed under regulations which would further aid in absorbing further provisioning requirements. Going forward, given the high concentration in its loan book, ability of the company to maintain its asset quality indicators which growing its business would remain a rating sensitivity.

Comfortable liquidity position supported by access to unutilised bank lines and fund based limits from banks - XFPL has a diversified borrowings profile with funds raised from banks and from the debt capital market. XFPL has also demonstrated ability of reducing cost of funds through diversification in its borrowing mix (borrowings from thirteen banks as on December 31, 2017 as compared to seven as on March 31, 2016) without adversely impacting its overall asset liability profile. The healthy capitalisation provide further enhances the company's financial flexibility. The liquidity profile of XFPL also remains comfortable supported by access to sufficient undrawn term loans and fund-based facilities from banks and XFPL's demonstrated ability to raise funds from banks and from the capital markets. In the medium to long term, the company plans of keeping their gearing around 3 times giving adequate headroom to grow their portfolio.

Credit challenges

Moderate operating track-record in the Indian credit market - XFPL commenced its operations from FY2011 and since then the company has concluded 70 credit transactions of which 38 are outstanding while the others have been closed post repayment/prepayment. As of March 31, 2017, XFPL had a loan-book of Rs. 1,251 crore up from Rs. 984 crore, as on March 31, 2016. The loan book further grew to Rs. 1,345 crore as on December 31, 2017. The growth of XFPL thus remains moderate however its past experience in the Indian real estate market provides comfort from operational capability perspective.

High borrower concentration due to presence in wholesale lending business; high sectoral concentration – While the company has a strong and experienced senior management team and a sound credit appraisal process in place, the wholesale nature of its lending business remains inherently vulnerable to asset quality shocks whereby the asset quality indicators can deteriorate sharply in case of slippages in a few accounts. XFPL's portfolio also remains concentrated sectorally, having 70% of its overall portfolio towards the real estate (RE) segment albeit XFPL's efforts to diversify in the corporate lending space provides some comfort on this front.

Analytical approach: For arriving at the ratings, ICRA has applied its rating methodologies as indicated below.

Links to applicable criteria:

ICRA's Credit Rating Methodology for Brokerage Houses

About the company

Xander Finance Private Limited (XFPL) is the credit arm of the Xander Group Inc., an institutional investment firm focused on long term, value investing. Xander invests primarily in companies which operate in the infrastructure, hospitality, entertainment, retail and real estate sectors, and currently manages equity capital in excess of US\$ 2 billion. The firm's experienced investment, venture and asset management teams supported by a dedicated advisory and operations group, operate from a network of offices in London, Mauritius, New Delhi, Mumbai, Bengaluru and Singapore. XFPL is registered as a non-deposit accepting NBFC in India and commenced its lending operations in FY 2011. The company is engaged in wholesale lending to companies in India, with a focus on lending to real estate developers against strong collateral. XFPL is almost entirely held by Xander Credit Pte Limited, Singapore.

In FY 2017, XFPL reported a profit after tax (PAT) of Rs. 59.59 crore on a loan book of Rs. 1251 crore and net worth of Rs. 456 crore compared to PAT of Rs. 46.34 crore on a loan book of Rs. 984 crore and net worth of Rs. 421 crore in the previous fiscal. During 9MFY2018, XFPL reported a PAT of Rs. 43.63 crore.

Key financial indicators (audited)

	FY2016	FY2017	9MFY2018 (unaudited)
Total Income	129.92	175.47	151.84
Profit after tax (PAT)	46.34	59.59	43.63
Net Worth	420.93	456.47	487.62
Total managed portfolio	983.78	1,251.31	1,345.20
Total managed assets	996.93	1,287.19	1,374.56
Return on managed assets (PAT/AMA)	5.53%	5.22%	4.37%
Return on average net worth (PAT/Avg. net worth)	11.26%	13.58%	12.32%
Gearing	1.32	1.79	1.72
Gross NPA%	0.00%	0.00%	0.84%
Net NPA%	0.00%	0.00%	0.75%
Net NPA/Net worth	0.00%	0.00%	2.08%
CRAR%	42.76%	36.28%	36.33%

Amounts in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years:

Name of Instrument	Current Rating (FY2018)				Chronology of Rating History for the past 3 years			
	Type	Amount Rated (Rs. crore)	Amount Outstanding as on Dec-17 (Rs Crore)	February 2018	FY2018	FY2017	FY2016	
1 Non-convertible debenture programme	Long term	200.00	-	[ICRA]A+ (stable) assigned	-	-	-	-
2 Long term bank lines	Long term	500.00	-	[ICRA]A+ (stable)	[ICRA]A+ (stable) assigned	-	-	-
3 Long term borrowing programme	Long term	1,000.00	840.03	[ICRA]A+ (stable)	[ICRA]A+ (stable)	Upgraded to [ICRA]A+ (stable) from [ICRA]A (positive)	[ICRA]A reaffirmed; outlook revised to positive	[ICRA]A (stable)
4 Commercial paper	Short term	300.00	-	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+ assigned	-

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore) ^	Current Rating and Outlook
-	Term Loans	2015	NA	2021	689.14	[ICRA]A+(stable)
-	Long Term Cash Credit	NA	NA	NA	50.89	[ICRA]A+(stable)
INE252T07016	Borrowing NCD #	4-Aug-15	11.50%	3-Feb-18	50.00	[ICRA]A+(stable)
INE252T07024	Programme NCD	4-Aug-15	11.50%	3-Aug-18	50.00	[ICRA]A+(stable)
	Unallocated	NA	NA	NA	159.97	[ICRA]A+(stable)
-	NCD	NA	NA	NA	200*	[ICRA]A+(stable)
-	Long-term bank lines	NA	NA	NA	500.00*	[ICRA]A+(stable)
-	Commercial Paper	NA	NA	14-365 days	300.00*	[ICRA]A1+

[^]As on December 31, 2017

*Unallocated

NCDs with maturity date falling due on 3-Feb-2018 have been fully repaid

Source: Xander Finance Private Limited

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