

B. ISSUE DETAILS

The Company proposes to issue up to 250 Secured, Rated, Listed, Redeemable, Principal Protected Market Linked Non-Convertible Debentures of the face value of ₹ 10,00,000 (Rupees Ten Lakh only) each [aggregating up to ₹ 25,00,00,000/- (Rupees Twenty Five Crore only)] issued at discount of ₹ 9,132/- (Rupees Nine Thousand One Hundred and Thirty Two only) per NCD for cash aggregating upto ₹ 24,77,17,000 (Rupees Twenty Four Crore Seventy Seven Lakh Seventeen Thousand only) on a private placement basis.

Pursuant to a resolution passed by the Company's shareholders at their meeting held on February 23, 2018 in accordance with provisions of the Companies Act, 2013, the Board has been authorised to borrow, for the purpose of the Company, upon such terms and conditions as the Board may think fit for amounts up to ₹ 7000 Crore. The present issue of NCDs in terms of this Disclosure Document is within the overall powers of the Board as per the above resolution.

This present issue of NCDs is being made pursuant to the resolution of the Board of Directors passed at its meeting held on January 15, 2018, which has approved the issue of the Non-Convertible Debentures of up to ₹ 7000 Crore.

The following is a summary of the terms of the Issue.

SUMMARY TERM SHEET – TRANCHE XV NCDs

Private placement of up to 250 Secured, Rated, Listed, Redeemable, Principal Protected Market Linked Non-Convertible Debentures ("Debentures" or "NCDs") of the face value of ₹ 10,00,000/- (Rupees Ten Lakh only) each [aggregating up to ₹ 25,00,00,000/- (Rupees Twenty Five Crore only)] issued at discount of ₹ 9,132/- (Rupees Nine Thousand One Hundred and Thirty Two Only) per NCD for cash aggregating upto ₹ 24,77,17,000 (Rupees Twenty Four Crore Seventy Seven Lakh Seventeen Thousand Only).

Security Name	JMFARC 01.05.2020 MLD
Issuer	JM Financial Asset Reconstruction Company Limited
Underlying/Reference Index	10 year Government security price (Issue date January 08, 2018) Bloomberg Ticker - IGB 7.17 01/08/28 Corp (Bloomberg ID -AQ584277 Corp, Pricing source – Reserve Bank of India)
Arranger	JM Financial Services Limited
Type of Instrument	Secured, Rated, Listed, Redeemable, Principal Protected Market Linked Non-Convertible Debentures
Nature of Instrument	Secured
Seniority	Senior
Mode of Issue	Private placement
Eligible Investors	Please refer paragraph "Who can apply" of the Disclosure Document.
Listing	The NCDs are proposed to be listed on WDM segment of BSE Limited. BSE has given its in-principle approval to list the NCDs to be issued and allotted in terms of the DD vide its letter dated April 30, 2018. The Company shall forward the listing application to the BSE Limited along with the applicable disclosures within 15 days from the deemed date of allotment of NCDs. In case of delay in listing of the NCDs beyond 20 days from

	the deemed date of allotment, the Company will pay penal interest, of 1% p.a. over the interest/coupon rate from the expiry of 30 days from the deemed date of allotment till the listing of such NCDs.
Rating of the Instrument	ICRA Limited has assigned a rating of "PP-MLD [ICRA] AA -" with "Stable" outlook to the NCD issue programme of the Company. Instruments with this rating are considered to have high degree of safety regarding timely payment of financial obligations. Such instruments carry very low credit risk.
Number of Debentures	250
Issue Size	₹ 25 Crore
Valuation agency	<p>ICRA Limited</p> <p>The Valuation Agency will publish a valuation on its website at least once every calendar week. The valuation shall be available on the website of the Valuation Agency at https://www.icra.in/mld-valuations.aspx</p> <p>The Issuer will also make available, as soon as practicable, the valuation provided by the Valuation Agency on the website of the Issuer at https://www.jmfinancialarc.com/</p> <p>The cost of valuation shall be in the range of 0.01% to 1.00% of issue size and shall be borne by the Issuer.</p> <p>The latest and historical valuations for these Debentures/NCDs will be published on the website of the Issuer at https://www.jmfinancialarc.com/ and the website of the Valuation Agency at https://www.icra.in/mld-valuations.aspx.</p> <p>Upon request by any Debenture/NCD Holder for the valuation of these Debentures/NCDs, the Issuer shall provide them with the latest valuation.</p>
Option to retain oversubscription (Amount)	Not Applicable
Objects of the Issue	The object of the Issue is to augment the long term resources of the Company and to increase the average maturity period of its borrowings.
Details of the utilization of the Proceeds	The proceeds of the Issue would be utilised to meet working capital requirements of the Company including repayment / pre-payment, in full or in part, of certain loans availed by the Company in its ordinary course of business, finance the acquisition of financial assets to be acquired by the Company's and for general corporate purposes.
Discount at which security is issued	Rs. 9,132/- (Rs. Nine Thousand One Hundred and Thirty Two only) per NCD.
Implicit yield	Not Applicable
Step Up/Step Down	None

Coupon Rate	
Coupon Payment Frequency	On Redemption date
Coupon payment dates	On Redemption date
Coupon Type	Coupon linked to underlying index
Tenor	2 years
Redemption Date	May 1, 2020
Redemption Premium	None
Redemption Amount	₹ 10,00,000/- (Rupees Ten Lakh only) per NCD
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
Default Interest Rate	In case of default in payment of principal redemption on the due dates, additional interest @ 2% p.a. over the applicable interest / coupon rate will be payable by the Company for the defaulting period.
Initial level	Closing price of 10 year Government security price (Issue date January 08, 2018) on Initial Observation Date Bloomberg Ticker - IGB 7.17 01/08/28 Corp (Bloomberg ID -AQ584277 Corp, Pricing source – Reserve Bank of India)
Initial Observation Date	May 2, 2018
Final Level	Closing price of 10 year Government security price (Issue date January 08, 2018) on Final Observation Date Bloomberg Ticker - IGB 7.17 01/08/28 Corp (Bloomberg ID -AQ584277 Corp, Pricing source – Reserve Bank of India)
Final Observation Date	April 2, 2020
Issue Price	Rs. 9,90,868/- (Rs. Nine Lakh Ninety Thousand Eight Hundred and Sixty Eight only) per NCD
Payoff	If IGB 7.17 01/08/28 Corp price on final observation date > = 75% of Digital level, then Payoff = Principal + Maximum Coupon OR If IGB 7.17 01/08/28 Corp price on final observation date < 75% of Digital level but > = 25% of Digital level, then Payoff = Principal + Minimum Coupon OR If IGB 7.17 01/08/28 Corp price on final observation date < 25% of Digital level, then Payoff = Principal
Digital level	100% of IGB 7.17 01/08/28 Corp price at Initial Observation Date.
Interest/Coupon Rate	Minimum – 8.70% p.a. (annualised return calculated on XIRR basis), maximum 8.75% p.a. (annualised return calculated on XIRR basis). However, in extreme situation no coupon amount will be paid.

Day Count Basis	Actual/ Actual
Contingent Early Redemption Date	Nil
Face Value	Rs. 10,00,000/- (Rs. Ten Lakh only) per NCD
Minimum Application and in multiples of Debt securities thereafter	Minimum 3 Debenture and in multiples of 1 thereafter
Issue Timing 1. Issue Opening Date 2. Issue Closing Date 3. Pay-in Date 4. Deemed Date of Allotment	May 2, 2018 May 2, 2018 May 2, 2018 May 2, 2018
Issuance mode of the Instrument	Demat only
Trading mode of the Instrument	Demat only
Settlement mode of the Instrument	Cheque / Demand Draft / NEFT / RTGS / other permitted mechanisms
Depository(ies)	NSDL and/or CDSL
Business Day Convention	Any day of the week excluding Saturdays, Sundays and any other day which is a public holiday for the purpose of Section 25 of the Negotiable Instruments Act, 1881 (26 of 1881) in Mumbai and any other day on which banks are closed for customer business in Mumbai, India.
Record Date	15 days prior to Redemption Date
Security (where applicable) (Including description, type of security, type of charge, likely date of creation of security, minimum security cover, revaluation, replacement of security) and Ranking of Security.	<p>The NCDs being issued under this Disclosure Document shall be secured by way of a Mortgage on first ranking pari passu basis on the immovable property and Hypothecation on first exclusive basis on the movable property including Security Receipts (SRs) and other receivables of the Company.</p> <p>The Company may provide or cause to be provided (without being obliged to) such further security for securing its obligations in respect of the Debentures as may be decided by the Company.</p> <p>The Security Cover for NCDs under this Issue shall be as per Note 2.</p>
Transaction Documents	<p>Disclosure Document, Debenture Trust Deed, Debenture Trustee Appointment Agreement, Deed of Hypothecation (if required/applicable) and any other document that may be designated by the Debenture Trustee as a Transaction Document.</p> <p>Debenture Trust Deed would prevail over other transaction document(s) in case of inconsistency.</p>
Conditions Precedent to Disbursement	As mentioned in the debenture trust deed.

Condition Subsequent to Disbursement	As mentioned in the debenture trust deed.
Events of Default	As per the Note 4 below.
Provisions related to Cross Default Clause	As mentioned in the debenture trust deed, if any.
Role and Responsibilities of Debenture Trustee	As per SEBI (Debenture Trustee) Regulations, 1993, SEBI (Issue and Listing of Debt Securities) Regulation, 2008, the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations as amended from time to time.
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 provisions of the Companies Act, regulations/ guidelines/directions of RBI, SEBI and Stock Exchanges and other applicable laws and regulations from time to time. The Debenture-holders, by purchasing the Debentures, agree that the courts in Mumbai shall have exclusive jurisdiction with respect to any matters relating to the Debentures.
Registrar and Transfer Agents	Karvy Computershare Private Limited
Trustees	Vistra ITCL (India) Limited
Placement Fee	For each of this Debentures/NCDs applied for, a Placement Fee of upto 0.5000% p.a. of the Issue Price may be payable to the Distributor (if any) by the Issuer over and above the Issue Price. Note: For the avoidance of doubt such Placement Fee is not and should not be construed as payment of commission as mentioned under Section 40 of the Act and the rules made thereunder.
Early Redemption	If, for reasons beyond the control of the Company, the performance of the Company's obligations under this Issue is prevented by reason of force majeure including but not limited to an act of state or situations beyond the reasonable control of the Company, occurring after such obligation is entered into, or has become illegal or impossible in whole or in part or in the exercising of its rights, the Company may at its discretion and without obligation to do so, redeem and/or arrange for the purchase of all but not some of the Debentures/NCDs, by giving notice of not less than 5 (five) Business Days to the Debenture Holders which notice shall be irrevocable and shall specify the date upon which the Debentures/NCDs shall be redeemed (such date on which the Debentures/NCDs become immediately due and payable, the "Early Redemption Date"). Provided however if the Company believes or is advised that it is necessary to only redeem and/or arrange for the purchase of the Debentures/NCDs held by only certain class of Debenture Holders to overcome or mitigate any such force majeure, then the Company may without obligation to do so, redeem and/or arrange for the purchase of only such number of the Debentures/NCDs actually held by such class of Debenture

	Holders at the relevant time. If the Debentures/NCDs are bought by the Company, the Company will, if and to the extent permitted by applicable law, pay to each Debenture Holder in respect of each of the Debentures/NCDs held by such Debenture Holder an amount equal to the Early Redemption Amount of a Debenture notwithstanding the illegality or impracticability, as determined by the Company in its sole and absolute discretion. Early Redemption Amount means fair market value minus associated costs.
Premature Exit	At the request of an Investor, the Company shall at its discretion and without being obliged to do so, arrange for the buyback ("Premature Exit") of such number of Debentures as the Investor shall request. Such Premature Exit shall occur at a price: (a) which shall take into consideration the market value of the Debentures, all costs incurred by the Company (including costs of unwinding any hedge); and (b) the price computed under (a) above shall be further reduced by such amount not exceeding 10.00% of the face value of the Debentures/NCDs to be determined by the Company at its sole discretion. A request for Premature Exit by an Investor shall not be considered if made within 12 (twelve) months from the Deemed Date of Allotment.
Calculation Agent	JM Financial Services Limited or any person duly appointed by the Company

Cash flows for the above NCDs shall be as follows:

Cash flows	Date	No. of days to maturity/coupon payment	Amount (in ₹) (per NCD)
Redemption amount and coupon payment	Friday, May 1, 2020	2 years	Rs. 10,00,000/- plus the Coupon Amount

Note 1: The Company reserves the right to amend the Tranche timetable. The Issue Close Date / Pay-in Date / Deemed Date of Allotment may be rescheduled at the sole discretion of the Issuer, to a date falling not later than 07 (seven) working days from the date mentioned herein. The actual Issue Close Date / Pay-in Date / Deemed Date of Allotment shall be communicated to each investor in the acknowledgement of the Application Form.

Scenario Analysis:

Scenario		Price of 10 year Gsec at Initial Level	Current YTM	Assumed price of 10 year Gsec at final observation date	Indicative YTM range at final observation price	Return (XIRR)	Investment amount (Rs.)	Maturity amount (Rs.)
Moderately falling to rising	If IGB 7.17 01/08/28 Corp price on final observation date $\geq 75\%$ of Digital level, then Payoff = Principal + Maximum Coupon	95.8500	7.78%	≥ 71.8875	$\leq 13.02\%$	8.75%	10,00,000.00	1,182,656.00
	OR							
Substantially falling	If IGB 7.17 01/08/28 Corp price on final observation date $< 75\%$ of Digital level but $\geq 25\%$ of Digital level, then Payoff = Principal + Minimum Coupon	95.8500	7.78%	< 71.8875 but ≥ 23.9625	$> 13.02\%$ but upto 39.58%	8.70%	10,00,000.00	1,181,569.00
	OR							
Extreme falling	If IGB 7.17 01/08/28 Corp price on final observation date $< 25\%$ of Digital level, then Payoff = Principal	95.8500	7.78%	< 23.9625	$> 39.58\%$	0.00%	10,00,000.00	1,000,000.00

This is merely an illustration and it does not display all the payoff scenarios.

Note 2 – Security Cover:

- i. **1.10 times** of the nominal amount of the Debentures outstanding under the Disclosure Document, in case the Mortgage Properties include mortgage on Immovable Property and hypothecation on Movable Property being SRs having a minimum rating of R1 (read as R One) or any such equivalent rating issued by any Rating Agency;
- ii. In any other case, the Security Cover shall be maintained as follows:

Nature of Mortgaged Properties	Security Cover
Immovable Property along with Movable Property being SRs having a rating of R2 (read as R Two) or equivalent	1.4 times of the nominal amount of the Debentures
Immovable Property along with Movable Property being SRs having a rating of R3 (read as R Three) or equivalent	1.75 times of the nominal amount of the Debentures
Immovable Property along with Movable Property being cash and/or bank balance of the Company	1.0 time of the nominal amount of the Debentures together with the premium due thereon
Immovable Property along with Movable Property being SRs having ratings of R1 (read as R One), R2 (read as R Two) and R3 (read as R Three) together	1.1 times of the nominal amount of the Debentures to the extent of SRs having ratings of R1(read as R One) 1.4 times of the nominal amount of the Debentures to the extent of SRs having ratings of R2 (read as R Two) 1.75 times of the nominal amount of the Debentures to the extent of SRs having ratings of R3 (read as R Three)
Immovable Property along with Movable Property being SRs having a rating of R1 (read as R One) and cash and/or bank balance	1.0 time of the nominal amount of the Debentures together with premium due thereon to the extent of cash and bank balance 1.10 times of the nominal amount of the Debentures to the extent of SRs having a rating of R1 (read as R One)
Immovable Property along with Movable Property being SRs having a rating of R2 (read as R Two) and R3 (read as R Three) and cash and/or bank balance	1.0 time of the nominal amount of the Debentures together with premium due thereon to the extent of cash and bank balance 1.4 times of the nominal amount of the Debentures to the extent of SRs having a

	<p>rating of R2 (read as R Two)</p> <p>1.75 times of the nominal amount of the Debentures to the extent of SRs having a rating of R3 (read as R Three)</p>
Immovable Property along with Movable Property being SRs having ratings of R1 (read as R One) , R2 (read as R Two) and R3 (read as R Three) together and cash and/or bank balance	<p>1.0 time of the nominal amount of the Debentures together with premium due thereon to the extent of cash and bank balance</p> <p>1.1 times of the nominal amount of the Debentures to the extent of SRs having ratings of R1 (read as R One)</p> <p>1.4 times of the nominal amount of Debentures to the extent of SRs having ratings of R2 (read as R Two)</p> <p>1.75 times of the nominal amount of Debentures to the extent of SRs having ratings of R3 (read as R Three)</p>

Note 3 - Effect on holidays:

Should any of the maturity date(s), as defined above or elsewhere in this DD, fall on a non-business day, the payment will be made on the preceding business day along with the premium accrued on the NCDs.

Note 4 - Event of Default:

In the event of:

- a) the Company failing to promptly pay any amount now or hereafter owing to the Debenture Holder(s) or the Debenture Trustee as and when the same shall become due and payable under the Transaction Documents;
- b) the value of the Mortgage Properties not being sufficient to maintain the Security Cover, and the Company having failed to cure such default:
 - i. if the Security Cover is 1 time or above , within a maximum period of 25 (Twenty Five) Business Days from the date on which the Security Cover went below 1.10 or 1.40 or 1.75 times as the case may be;
 - ii. if the Security Cover is below 1 time, within a maximum period of 5 (Five) Business Days from the date on which the Security Cover went below 1 time.
- c) There being an event of default under the terms and conditions of any of the Company's issuances / obligations (including any kind of hybrid borrowing like foreign currency convertible bonds, optionally convertible preference shares or optionally convertible debentures) as a borrower other than the debentures for an amount exceeding ₹ Ten Crore and the same not being cured as per terms therein or are not waived by those lenders / investors;
- d) If the Mortgage Properties (which are capable of being insured) offered as security in favour of the Debenture Trustee (acting on behalf of and for the benefit of Debenture Holders) are not insured or are kept under-insured by the Company;

- e) Any representation or warranty being found to be false, misleading or incorrect in any material respect, as on the date on which the same was made or deemed to have been made;
- f) Material non-compliance with any covenant, condition or agreement on the part of the Company under any Transaction Documents;
- g) Security becoming unenforceable, illegal or invalid or any restriction, claim, imposition or attachment or any event leading to Security becoming unenforceable, illegal or invalid or any restriction, imposition or attachment has occurred other than as permitted under the Transaction Documents or loss of lien on the collateral;
- h) It becoming unlawful for the Company to perform any of its obligations under the Transaction Documents, or if the Transaction Documents or any part thereof ceases, for any reason whatsoever, to be valid and binding or in full force and effect;
- i) The Company repudiating any of the Transaction Documents to which it is a party or evidences an intention to repudiate a Transaction Document to which it is a party;
- j) Non-execution of any of the Transaction Documents to the satisfaction of the Debenture Trustee within 3 (three) months from the earlier of Deemed Date of Allotment or date of closure of issue of the Debentures;
- k) Failure to file necessary forms with the Registrar of Companies in form and substance required to perfect the Security within 20 (Twenty) Business Days from the date of execution of the Debenture Trust Deed;
- l) The Company having voluntarily or involuntarily become the subject of proceedings under any insolvency laws;
- m) The proceedings for the voluntary or involuntary dissolution of the Company having been commenced;
- n) A petition for winding up of the Company having been admitted or if an order of a Court of competent jurisdiction having been made for the winding up of a Company, otherwise than in pursuance of a scheme of voluntary amalgamation or reconstruction or arrangement previously approved in writing by the Debenture Trustees (acting on behalf of Majority Debenture Holders) and duly carried into effect;
- o) The Company having taken or suffered any action to be taken for its liquidation or dissolution;
- p) A receiver or a liquidator being appointed or allowed to be appointed for all or any part of the undertaking of the Company;
- q) The Company having admitted in writing of its inability to pay its debts as they mature;
- r) The Company being adjudged insolvent or having taken advantage of any law for the relief of insolvent debtors or does material non-compliance with any applicable law/(s) in relation to the NCDs;
- s) An attachment being levied on the Mortgage Properties or any part thereof other than by co-lenders and/ or certificate proceedings being taken or commenced for recovery of any dues from the Company;
- t) Any expropriation, sequestration, distress or execution affects any of the Mortgage Properties or any part thereof having a Material Adverse Effect;

- u) The Company ceasing to carry on its business or giving notice of its intention to do so;
- v) The Company being declared a sick undertaking under the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 or if a reference has been made to the Board for Industrial and Financial Reconstruction ('BIFR') by a creditor under the said Act and the Company has not resolved the complaint or is nationalised or is under the management of Central Government;
- w) The Company, without the previous consent in writing of the Debenture Trustee (acting on the instructions of Majority Debenture Holders), making any alteration in any Article of the Articles of Association concerning the Debentures or Debenture Holders which might in the opinion of the Debenture Trustee detrimentally affects the interest of the Debenture Holders and upon demand by the Debenture Trustee refusing or neglecting or being unable to rescind such alteration;
- x) The Company having entered into any arrangement or composition with its creditors or committing any act of insolvency or any other act, the consequence of which may lead to the insolvency or winding up of the Company;
- y) Company failing to obtain, comply and/or losing any of its operating license, approvals, consents or any other authorization required to carry out its business which would prejudice its ability to perform its obligations under the Transaction Documents and/or to discharge the Debentures;
- z) BSE delists the Debentures at any point of time due to an act of the Company or failure by the Company to take all necessary actions to ensure continued listing and trading of the Debentures on BSE and the same is not relisted within 15 days.
- aa) The Company attempting to sell, lease, transfer or otherwise dispose off mortgage property or to create any charge, in addition to the charge created / to be created in favour of the Debenture Trustee under the Transaction Documents, over the Security created in favour of the Debenture Trustee, except as permitted under the Transaction Documents;
- bb) The Company without obtaining the No Objection Certificate of the Debenture Trustee (acting on the instructions of the Majority Debenture Holders) attempting or purporting to create any mortgage, charge, pledge, hypothecation, lien or encumbrance over the Security ranking in priority to or pari passu with or subservient to, the charge created in favour of the Debenture Trustee in terms of the Transaction Documents except as permitted under the Transaction Documents;
- cc) The passing of an order by a court of competent jurisdiction ordering, restraining or otherwise preventing the Company from conducting all or any material part of its business;
- dd) The withdrawal, failure of renewal, or failure to obtain any statutory or regulatory approval in any relevant jurisdiction required, if any, for issuance of the Debentures or creation of the Security;
- ee) Any act of fraud, embezzlement, misstatement, misappropriation or siphoning off of the Company's funds or revenues or any other act having a similar effect being committed by the management of the Company;
- ff) Failure on the part of the Company to honor acceleration;
- gg) Principal Sponsor and/or the Executive Directors of the Company who are arrested or convicted in criminal offence and against whom First Information Report (FIR) has been filed involving moral turpitude, dishonesty and bribery.

For the above purpose Principal Sponsor shall mean JM Financial Limited and its individual and/or HUF shareholders detailed under 'Category - A' of 'Category of Shareholder' as per the disclosure in the Shareholding Pattern filed with BSE Limited

hh) Failure to maintain "JM Financial" as part of the name of the Company at all times during the tenure of debentures without obtaining prior approval in writing from Majority Debenture Holders (75%);

ii) By or under the authority of any government:

- (i) The management of the Company is wholly or partially displaced or the authority of the Company to manage and direct its affairs wholly or partially curtailed; or
- (ii) any of the issued shares of the Company or the whole or any part of its rights or revenues or assets is condemned seized, expropriated or compulsorily acquired; or
- (iii) custody or control of the business or operations of the Company has been taken over, or any action has been taken for the dissolution of the Company; or
- (iv) any action has been taken that would prevent the Company, its members, or its officers from carrying on its business or operations or a substantial part thereof

the above shall constitute an event of default in relation to the Debentures (hereinafter referred to as an "Event of Default") except where Debenture Trustee at its absolute discretion (acting on the instruction of Majority Debenture Holders) gives any cure period through notice thereof in writing to the Company and the Company remedies the default within such cure period;

Nothing contained herein gives any cure period to the Company in case of Event of Default under clause (a) above.

Acceleration Clauses

A. Change in Shareholding:

The Debenture Trustee shall, if so directed by the majority Debenture Holder(s), be entitled to accelerate the redemption of the debentures along with all applicable outstanding dues if at any point of time while the debentures are outstanding, if without the consent (which shall be provided in reasonable time) of the Majority Debenture Holders(s):

- (a) Shareholding of JM Financial Limited and/or any of its subsidiaries, in the Company goes below 40% or JM Financial Limited ceases to be the principal sponsor of the Company; and/or
- (b) promoter or promoter group shareholding in JM Financial Limited goes below 50.01% or promoters or promoter group cease to have Control over JM Financial Limited.

For the purpose of clause (b) above 'Control' means: (i) the right to appoint majority of the directors; and (ii) to control the management or policy decisions; exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner. Provided that a director or officer of a company shall not be considered to be in control over such company, merely by virtue of holding such position.

B . Acceleration due to Gross Debt/Equity Ratio (Gearing)

The Gross Debt/Equity ratio (gearing) of the Company shall be capped at 3.0 times as on March 31 every year. This covenant shall be tested on an annual basis for the year ending March 31 every year.

The Company shall inform its Gross Debt / Equity Ratio (Gearing) as of March 31 of each year, during the tenure of the debentures, by way of a letter to the debenture holder by April 15 every year. In case the Gross Debt/Equity Ratio as of March 31 exceeds 3.0 times, the Company shall seek No Objection Certificate (NOC) from the Debenture holder(s) for such higher gearing. The debenture holder(s) may either issue the above NOC or request for acceleration of the redemption of the debentures, as the case may be, within a period of 7 (seven) days from the date of the receipt of the Gearing from the Company. Upon such request for acceleration, the debentures shall be redeemed by the Company within a period of 45 (Forty Five) business days from the year end date.

For the purpose of this covenant, Equity = Equity share capital + Reserves & Surplus (but does not include capital reserve, revaluation reserve, redeemable preference share capital with maturity of less than 5 years and premium on redeemable preference share capital with maturity less than 5 years and includes Compulsorily convertible Debentures or Optionally Convertible Debentures. However it would include long term redeemable preference shares with maturity of more than 5 years). For the purpose of this covenant, Debt means financial indebtedness as defined below and excludes borrowings from JM Financial Ltd or its subsidiaries and NCDs issued to shareholders.

Financial Indebtedness" means any indebtedness for or in respect of:

1. moneys borrowed;
2. any amount availed of by acceptance of any credit facility or dematerialized equivalent;
3. any amount raised pursuant to the issuance of any notes, bonds, debentures, loan stock or any other similar securities or instruments;
4. the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with generally accepted principles of accounting in India, be treated as a finance or capital lease;
5. receivables sold or discounted (other than any receivables sold in the ordinary course of business or to the extent that they are sold on a non-recourse basis);
6. any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
7. any derivative transaction entered into in connection with protection against or benefit from fluctuation in price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
8. any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution;
9. the amount of any liability under an advance or deferred purchase agreement if one of the primary reasons behind the entry into such agreement is to raise finance;
10. any put option, guarantees, keep fit letter(s), letter of comfort, etc. by whatever name called, which gives or may give rise to any financial obligation(s);
11. any preference shares with less than 5 years maturity (excluding any compulsorily convertible preference shares);
12. (without double counting) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (1) to (11) above.

For clarification sub-debt or non-convertible debentures of any maturity and non-convertible preference shares with maturity less than 5 years shall be considered as Debt. Further any borrowing from JM Financial Ltd or its subsidiaries and NCDs issued to shareholders would be excluded from debt for calculation of debt equity ratio.

C. Acceleration due to rating related action

The happening of any of the following events would accelerate the redemption of the debentures under this Deed within 45 (Forty Five) days at the option of Debenture holders by giving a notice of 7 days:

- Downgrade of long term rating below A and/or short term rating below A1+ by ICRA [Current rating AA- by ICRA]. The acceleration clause/ notice of acceleration would be effective from the date of such rating downgrade

In case of downgrade in external credit rating of the NCDs, the Coupon Rate for the balance period would increase 0.25% p.a. for each notch downgrade in rating and the same would be effective from the rating downgrade date.

Consequence of Event of Default

On and at any time after the occurrence of an Event of Default, the Debenture Trustee shall, if so directed by the Majority Debenture Holder(s), be entitled to:

- i) Accelerate the redemption of the NCDs and the amounts due under this Deed shall become immediately due and payable; and/or
- ii) enforce its charge over the Mortgage Properties in terms of this Deed to recover the Amount Due; and/or
- iii) exercise any other right that the Debenture Trustee and / or Debenture Holder(s) may have under the Transaction Documents or under Indian law.

If any Event of Default has happened, the Company shall, promptly give notice thereof to the Debenture Trustee, in writing, specifying the nature of such Event of Default.

All expenses incurred by the Debenture Trustee after an Event of Default has occurred in connection with:-

- (a) preservation of the Security (whether then or thereafter existing); and
- (b) collection of amounts due under this Agreement;

shall be payable by the Company.

Note 5 - Redemption:

Unless previously redeemed or purchased and cancelled as specified below, the NCDs shall be redeemed at premium, at the expiry of the tenor of respective options.

Note 6 - Payment on Redemption:

The Company's liability to the Debenture Holders in respect of all their rights including for payment or otherwise shall cease and stand extinguished after maturity of the NCD, in all events save and except for the Debenture Holder's right of redemption. Upon dispatching the payment instrument towards payment of the redemption amount in respect of the NCDs, the liability of the Company in respect of such NCDs shall stand extinguished.

Note 7 - Redemption Payment Procedure:**a. NCDs held in physical form:**

The Debenture certificate(s), duly discharged by the sole / all the joint holders (signed on the reverse of the Debenture certificate(s)) will have to be surrendered for redemption on maturity and should be sent by the Debenture Holder(s) by registered post with acknowledgment due or by hand delivery to the Company or to such persons at such addresses as may be notified by the Company from time to time, seven days prior to the Redemption Date. In case of any delay in surrendering the Debenture certificate(s) for redemption, the Company will not be liable to pay any interest, income or compensation of any kind for the late redemption due to such delay.

The Company may, at its discretion, redeem the NCDs without the requirement of surrendering of the certificates by the Debenture Holder(s). In case the Company decides to do so, the redemption proceeds would be paid on the Redemption Date to those Debenture Holder(s) whose names stand in the register of Debenture Holders maintained by the Company on the Record Date fixed for the purpose of redemption. Hence the transferee(s), if any, should ensure lodgement of the transfer documents with the Company before the Record Date. In case the transfer documents are not lodged before the Record Date and the Company dispatches the redemption proceeds to the transferor, the Company shall be fully discharged and claims in respect of the redemption proceeds should be settled amongst the parties inter se and no claim or action shall lie against the Company.

b. NCDs held in dematerialised form:

Payment of the redemption amount of the NCDs will be made by the Company to the beneficiaries as per the beneficiary list provided by the Depositories as on the Record Date. The NCDs shall be taken as discharged on payment of the redemption amount by the Company to the Debenture Holders as per the beneficiary list. Such payment will be a legal discharge of the liability of the Company towards the Debenture Holders. On such payment being made, the Company will inform the Depositories and accordingly the account of the Debenture Holders with Depositories will be adjusted.

Note 8 - Deemed Date of Allotment:

All benefits relating to the NCDs will be available to the investors from the Deemed Date of Allotment. The actual allotment of NCDs may take place on a date other than the Deemed Date of Allotment. The Company reserves the right to keep multiple allotment date(s)/ deemed date(s) of allotment at its sole and absolute discretion without any notice. The Deemed Date of Allotment may be changed (advanced/ postponed) by the Company at its sole and absolute discretion.

Note 9 - Payment of outstanding amounts on the NCDs:

The Company shall ensure that services of Direct Credit, RTGS (Real Time Gross Settlement) or NEFT (National Electronic Funds Transfer) are used for payment of all outstanding amounts on the NCDs, including the principal and premium accrued thereon.

Note 10 - Security:

The NCDs being issued under the DD shall be secured through a first ranking pari passu charge on the immovable properties and first ranking exclusive charge / hypothecation over portions of the moveable properties or such other property as may be identified by the Company as set out in the relevant debenture trust deed / security documents.

The Company will create Security for NCDs in accordance with applicable laws in India.

Subject to the provisions of the relevant Debenture Trust Deed, the Company shall be entitled to replace / substitute any of the Moveable Property forming part of Mortgaged Properties provided as Security in terms of the relevant debenture trust deed / security documents with other Moveable Property at any time only after obtaining a prior consent of the Debenture Trustee (acting on the instructions of the Majority Debenture Holder). The Company shall for such replacement issue a letter to the Debenture Trustee describing both the original Moveable Property being replaced and the Moveable Property with which such original Moveable Property is being replaced, which letter shall be duly acknowledged by the Debenture Trustee. The Debenture Holders upon subscription to the Debentures shall be deemed to have authorized the Debenture Trustee to execute such documents, to the satisfaction of Debenture trustee, as may be required by the Debenture Trustee to give effect to such replacement / substitution by acknowledging the Replacement Security Letter, without providing notice to or obtaining consent from the Debenture Holders, so long as the Company has not defaulted in relation to any payment due and the Auditor of the Company/ independent chartered accountant confirms to the Debenture Trustee in writing that the Security Cover for the NCDs shall be maintained post such replacement.

Further, in the event that the Moveable Property forming part of Mortgaged Properties provided as Security by the Company is of a value greater than the Security Cover, the Company shall be entitled to require the Debenture Trustee to release the excess Moveable Property at any time after obtaining a prior consent of the Debenture Trustee (acting on the instructions of the Majority Debenture Holders) and the same shall cease to form part of the Security on such release. The Company shall, for such release, issue a letter to the Debenture Trustee describing the Moveable Property to be released and the Debenture Trustee shall release the same by duly acknowledging the letter so addressed by the Company. The Debenture Holders upon subscription to the Debentures shall be deemed to have authorized the Debenture Trustee to execute such documents, to the satisfaction of Debenture Trustee, as may be required by the Debenture Trustee to give effect to such release without providing notice to or obtaining consent from the Debenture Holders, so long as the Company has not defaulted in relation to any payment due and the Auditor of the Company / independent chartered accountant confirms to the Debenture Trustee in writing that the Security Cover for the NCDs shall be maintained post such release.

Subject to the provisions of the Debenture Trust Deed, the Company may provide or cause to be provided (without being obliged to) such additional security for securing its obligations in respect of the Debentures as may be decided by the Company.

In case the actual Security Cover for Debentures falls below 1.10 or 1.40 or 1.75 times as the case may be, the Company shall restore the Security Cover to the stipulated level within the time allowed under the Debenture Trust Deed.

The Company shall be entitled, from time to time, to make further issue of non-convertible debentures or such other instruments to any other person(s) and/or raise further loans / advances and/or avail of further financial and/or guarantee(s) facilities from Indian and/or international financial institutions, banks and/or any other person(s) on the security of the moveable property of the Company or any part thereof (other than that those comprising the Security to NCDs issued under this Issue) and/or such other assets and properties as may be decided by the Company from time to time without requiring to provide notice to or obtain consent from the Debenture Trustee and/or the Debenture Holders.

Notwithstanding anything contained in this DD, so long as the stipulated Security Cover is maintained, the Company shall have all rights to deal with the charged assets in normal course of business without requiring to provide notice to or obtain consent from the Debenture Trustee and/or the Debenture Holders.

Note 11 - Time Limit for creation of Security:

The Company shall create the security in respect of the NCDs issued under this DD in favour of the Debenture Trustee within 3 (three) months from the closure date of NCDs under this DD.

Note 12 - Tax Deduction at Source (TDS):

Tax as applicable under the Income Tax Act, 1961, or any other statutory modification or reenactment thereof will be deducted at source for which a certificate will be issued by the Company. As per the provisions of the Income Tax Act, 1961, with effect from June 1, 2008, no tax is deductible at source from the amount of interest payable on any listed dematerialised security, held by a person resident in India. Since the NCDs shall be issued in dematerialised mode and shall be listed on the WDM segment of BSE, no tax will be deductible at source on the payment/credit of interest/implicit yield on NCDs held by any person resident in India. In the event of rematerialisation of the NCDs, or NCDs held by persons resident outside India or a change in applicable law governing the taxation of the NCDs, the following provisions shall apply:

- a) In the event the NCDs are rematerialized and the Company is required to make a tax deduction, the Company shall make the payment required in connection with that tax deduction within the time allowed and in the minimum amount required by applicable law;
- b) The Company shall within 30 (thirty) days after the due date of payment of any tax or other amount which it is required to pay, deliver to the Debenture Trustee evidence of such deduction, withholding or payment and of the remittance thereof to the relevant taxing or other authority.

Interest on Application Money shall be subject to TDS at the rates prevailing from time to time under the provisions of the Income Tax Act, 1961 or any other statutory modification or reenactment thereof for which a certificate will be issued by the Company.

For seeking TDS exemption / lower rate of TDS, relevant certificate / document must be lodged by the Debenture Holder(s) at the Registered Office of the Company at least 15 (Fifteen) days before the interest payment becoming due. Tax exemption certificate / declaration of non-deduction of tax at source on interest on application money should be submitted along with the application form.

For detailed tax implications of the investment in NCDs, investors should get in touch with their tax consultant.

Note 13 - Currency of Payment:

All obligations under the NCDs are payable in Indian Rupees only.

Note 14 - Right of the Company to Purchase, Re-sell and Re-issue NCDs:**a. Purchase and Resale of NCDs:**

The Company may, subject to applicable law at any time and from time to time, at its sole and absolute discretion purchase some or all of the NCDs held by the Debenture Holders at any time prior to the specified date(s) of redemption. Such buy-back of NCDs may be at par or at discount / premium to the face value at the sole discretion of the Company. The NCDs so purchased may at the option of the Company, be cancelled, held or resold.

b. Reissue of Debentures:

Where the Company has repurchased / redeemed any such NCDs, subject to the provisions of the Companies Act, 2013 and other applicable legal provisions, the Company shall have and shall be deemed always to have had the right to keep such NCDs alive for the purpose of reissue and in exercising such right, the Company shall have and shall be deemed always to have had the power to reissue such NCDs either by reissuing the same NCDs or by issuing other NCDs in their place in either case, at such a price and on such terms and conditions (including any variations, dropping of or additions to any terms and conditions originally stipulated) as the Company may deem fit.

Note 15 - Future Borrowings:

The Company shall be entitled, from time to time, to make further issue of debentures and or such other instruments to the public, members of the Company and/or avail further financial and/or guarantee facilities from financial institutions, banks and/or any other person(s) on the security or otherwise of its assets / properties without the consent of the Debenture Trustee or the Debenture Holders.

Note 16 - Rights of Debenture Holders:

The Debenture Holder(s) shall not be entitled to any right and privileges of shareholders other than those available to them under the Act. The NCDs shall not confer upon its holders the right to receive notice(s) or to attend and to vote at any general meeting(s) of the shareholders of the Company.

Note 17 - Modification of Rights:

The Debenture Holders' rights, privileges, terms and conditions attached to the NCDs may be varied, modified or abrogated with the consent, in writing, of the Debenture Holders who hold atleast three-fourth of the outstanding amount of the NCDs or with the sanction accorded pursuant to a resolution passed at a meeting of the Debenture Holders, provided that nothing in such consent or resolution shall be operative against the Company where such consent or resolution modifies or varies the terms and conditions of the NCDs, if the same are not acceptable to the Company.

Note 18 - Notices:

The Company agrees to send notice of all meetings of the Debenture Holders. The notices, communications and writings to the Debenture Holder(s) required to be given by the Company shall be deemed to have been given if sent by registered post or by hand delivery or by electronic transmission to the sole / first allottee or sole/first registered Debenture Holder as the case may be at its address registered with the Company.

All notices, communications and writings to be given by the Debenture Holder(s) shall be sent by registered post or by hand delivery to the Company at its Registered Office or to such persons at such address as may be notified by the Company from time to time and shall be deemed to have been received on actual receipt of the same.

Note 19 - Splitting and Consolidation:

Splitting and consolidation of the NCDs is not applicable in the dematerialised mode form since the saleable lot is 1 (one) Debenture. In case the NCDs are in physical mode as a consequence of rematerialisation of the NCDs by any Debenture Holder, the request from Debenture Holder(s) for splitting/consolidation of Debenture certificates will be accepted by the Issuer only if the original Debentures certificate(s) is/are enclosed along with an acceptable letter of request. No requests for splits below the Market Lot will be entertained.

Note 20 - Transfers:

The NCDs may be transferred to any person duly qualified to acquire such NCDs under the applicable laws.

Note 21 - Succession:

In the event of demise of a Debenture Holder, the Company will recognize the executor or administrator of the demised Debenture Holder or the holder of succession certificate or other legal representative of the demised Debenture Holder as the registered holder of such NCDs, if such a person obtains probate or letter of administration or is the holder of succession certificate or other legal representation, as the case may be, from a court in India having jurisdiction over the matter and delivers a copy of the same to the Company. The Company may, in its absolute discretion, where it thinks fit, dispense with the production of the probate or letter of administration or succession certificate or other legal representation, in order to recognise such holder as being entitled to the NCDs standing in the name of the demised Debenture Holder on production of sufficient documentary proof or indemnity. In case a person other than individual holds the NCDs, the rights in the NCDs shall vest with the successor acquiring interest therein, including liquidator or any such person appointed as per the applicable law.

Note 22 - The list of documents which has been executed or will be executed in connection with the issue and subscription of debt securities shall be annexed:

The list of documents which has been executed or will be executed in connection with the Issue and subscription of NCDs are as follows:

- a. Debenture Trustee Appointment Agreement
- b. Debenture Trust Deed
- c. Deed of Hypothecation, if required/applicable

Note 23 – A. Additional information

- a. The complaints received in respect of the Issue shall be attended to by the Company expeditiously and satisfactorily;
- b. It shall take all steps for completion of formalities for listing and commencement of trading at the concerned stock exchange where securities are to be listed within specified time frame;
- c. Necessary co-operation to the credit rating agencies shall be extended in providing true and adequate information till the debt obligations in respect of the instrument are outstanding;
- d. The Company shall use a common form of transfer for the NCDs;
- e. The Company shall disclose the complete name and address of the Debenture Trustee in its Annual Report;
- f. The Company undertakes that the necessary documents for the creation of the charge, including the Trust Deed would be executed within the time frame prescribed in the relevant regulations/act/rules etc. and the same would be uploaded on the website of BSE, where the debt securities have been listed, within five working days of execution of the same;
- g. The Company undertakes that permission / consent from the prior creditor for a pari passu charge being created, where applicable, in favor of the trustees to the proposed issue would be obtained.

B. Additional covenants:

- a. Security Creation: In case of delay in execution of Trust Deed and Charge documents beyond 3 (three) months from the date of closure of this DD, the Company will refund the subscription with agreed rate of interest or will pay penal interest of atleast 2% p.a. over the interest/coupon rate till these conditions are complied with at the option of the investor;
- b. Default in Payment: In case of default in payment of Interest and/or principal redemption on the due dates, additional interest of atleast @ 2% p.a. over the interest/coupon rate will be payable by the Company for the defaulting period;

- c. Delay in Listing: In case of delay in listing of the debt securities beyond 20 days from the deemed date of allotment, the Company will pay penal interest, of atleast 1 % p.a. over the interest/coupon rate from the expiry of 30 days from the deemed date of allotment till the listing of such debt securities to the investor.

The interest rates mentioned in above three cases are independent of each other.

Note 24 - A statement containing particulars of the dates of and parties to all material contracts, agreements involving financial obligations of the issuer:

By the very nature of its business, the Company is involved in a large number of transaction involving financial obligations and therefore it may not be possible to furnish details of all material contracts / agreements / documents involving financial obligations of the Company. However, the contracts / agreements / documents listed below which are or may be deemed to be material for this issue, have been entered into / executed by the Company:

1. Memorandum and Articles of Association of the Company;
2. RBI registration certificate dated September 23, 2008 issued by the Reserve Bank of India;
3. Resolution of the Board of Directors passed at its meeting held on January 15, 2018 approving, inter-alia, the issue of Non-Convertible Debentures aggregating upto ₹ 7000/- Crore
4. Resolution passed by the shareholders at the Annual General Meeting of the Company held on June 29, 2017 appointing Deloitte Haskins & Sells LLP as Auditors of the Company
5. Resolution passed by the shareholders of the Company at the Extraordinary General Meeting held on February 23, 2018 authorising the Board of Directors to borrow, for the purpose of the Company, upon such terms and conditions as the Board may think fit for amounts up to ₹ 7000 Crore.
6. Annual Reports for the five years ended March 31, 2012, 2013, 2014, 2015 and 2016 of the Company;
7. Letter from ICRA Limited assigning the credit rating to the NCDs;
8. Consent letter issued by Vistra ITCL (India) Company Limited dated April 30, 2018 to act as the Debenture Trustee to this Issue.
9. Consent letter issued by Karvy Computershare Private Limited dated April 30, 2018 to act as the Registrar to the Issue and inclusion of its name in the form and context in which it appears in this Disclosure Document
10. Letter dated April 30, 2018 from BSE Limited giving its in-principle approval to the Issue.

Certified true copy of the above documents or such other relevant documents are available for inspection at the Registered Office of the Company situated at 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai – 400 025 until the date of closure of the Issue.

DECLARATION BY THE DIRECTORS THAT –

- a. the company has complied with the provisions of the Act and the rules made thereunder;
- b. the compliance with the 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 purposes and objects indicated in the Offer letter;

I am authorised by the Board of Directors of the Company vide resolution dated January 15, 2018 to sign this form and declare that all the requirements of the Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this DD and matters incidental thereto have been complied with. Whatever is stated in this DD and in the attachments thereto is true, correct and complete and no information material to the subject matter of this DD has been suppressed or concealed and is as per the

original records maintained by the shareholders subscribing to the Memorandum of Association and Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this DD.

for JM Financial Asset Reconstruction Company Limited

A handwritten signature in black ink, appearing to read 'Nikhil B', with a stylized flourish at the end.

Nikhil Bhandary
Company Secretary

Place: Mumbai

Date: April 30, 2018

