

### Indicative terms and conditions

**Purpose:** the purpose of this document ("the Indicative Term Sheet") is to outline the terms and conditions of a potential Non-Convertible Debenture issuance by the Issuer proposed to be subscribed to by the Investor. This Indicative Term Sheet does not constitute a final offer, is not exhaustive and may be subject to change.

<b>Issuer/Company</b>	IKF Finance Limited ("IKF")
<b>Promoter(s)</b>	Mr V.G.K. Prasad, Mrs K. Vasumathi Devi, Mrs Vupputuri Vasantha, Mrs V Indira Devi, Mr V Raghu Ram,
<b>Investor(s)/Debenture Holders</b>	Reliance Mutual Fund
<b>Debenture Trustee</b>	Milestone Trusteeship Services Private Limited
<b>Structurer&amp; Arranger</b>	IFMR Capital Finance Private Limited ("IFMR Capital")
<b>Rating Agency</b>	CARE
<b>Legal Counsel</b>	Not applicable
<b>Issuance</b>	Rated, Secured, Redeemable, Taxable, Non-Convertible Debentures ("NCDs" or "Debentures")
<b>Ranking</b>	<p>Each Debenture issued by the Issuer will constitute direct and secured obligations of the Issuer. The claims of the Debenture Holders shall be superior to the claims of investors / lenders of Tier I &amp; Tier II Capital and shall rank pari passu to all unsubordinated, secured &amp; secured indebtedness of the Issuer.</p> <p>Each of the Debenture Holders shall inter-se rank pari passu in relation to their rights and benefits in relation to the Debentures, without any preference or privilege.</p>
<b>Registrar &amp; Transfer Agent</b>	Bigshare Services Private Limited
<b>Depository</b>	NSDL/CDSL
<b>Issuance mode</b>	Dematerialized, Private Placement
<b>Trading mode</b>	Dematerialized
<b>Settlement mode</b>	ECS
<b>Listing</b>	Unlisted; to be listed in WDM segment of BSE within 15 days of request from Debenture Trustee
<b>Business Days</b>	A day (other than a Saturday, a Sunday or a Bank Holiday) on which banks are open for general business in Mumbai and Hyderabad.
<b>Business Convention</b>	<p><b>Day</b></p> <ul style="list-style-type: none"> <li>If any coupon payment date falls on a day that is not a working day, the payment shall be made on the immediately succeeding working day.</li> <li>If the redemption date of the Debentures falls on a day that is not a working day, the redemption proceeds shall be paid on the immediately preceding working day</li> <li>If the Maturity Date (also the last coupon payment date) of the Debentures falls on a day that is not a working day, the redemption proceeds and coupon payment shall be paid on the immediately preceding working day.</li> </ul>
<b>Record Date</b>	3 (Three) Business Days prior to each coupon payment date and redemption date.
<b>End Use</b>	<p>The proceeds of the Issuance will be utilized for the following purposes:</p> <ul style="list-style-type: none"> <li>General corporate purposes</li> <li>for the ordinary course of business of the Issuer including repayment/re-financing of existing debt as also utilising the proceeds towards investing in SLR approved securities, maintenance of CRR and managing excess liquidity by investing in securities as per RBI guidelines and board approved policy of the Company and the proposed Bank</li> </ul>

This document does not constitute an offer, or an invitation to offer, or a recommendation to enter into any transaction. We have sent you this document in our capacity as a potential counterparty acting at arm's length. We are not acting as your financial adviser or in a fiduciary capacity in respect of this proposed transaction or any other transaction with you unless otherwise expressly agreed by us in writing. Before entering into any transaction you should take steps to ensure that you understand the transaction and have made an independent assessment of the appropriateness of the transaction in the light of your own objectives and circumstances, including the possible risks and benefits of entering into such transaction. You should also consider seeking advice from your own advisers in making this assessment.



	No part of the proceeds shall be utilized directly/indirectly towards capital markets (equity), land acquisition or usages that are restricted for bank financing.
<b>Amount/Issuance Size</b>	INR 45,00,00,000 (Indian Rupees Forty Five Crores Only)
<b>Issue price</b>	At par
<b>Security</b>	<p>Security cover of 1.1 times cover by a first and exclusive charge by way of hypothecation over certain identified receivables to be created by execution of the Deed of Hypothecation which receivables can be substituted and replaced by the Issuer in the manner and upon the terms contained in the Deed of Hypothecation; and</p> <p>If the Asset Cover falls below 1.1x time on any account, including upon enforcement of the Hypothecated Assets to meet shortfall in payment of the coupon on the Debentures, the Company shall within 5 (five) Business Days of such occurrence, hypothecate further assets or such additional security as may be acceptable to the Debenture Trustee to maintain the Asset Cover.</p> <p>Loan Receivables for the above purpose is defined as standard loan receivables (less than 90 days overdue)</p>
<b>Guarantee</b>	<p>Unconditional and irrevocable guarantee of Promoters.</p> <p>In case Mr V.G.K. Prasad steps down from executive position or is not holding the executive position for whatsoever reason in the Company and any family member steps in his position, the guarantee needs to be executed by that family member also. Such guarantee shall be executed in fifteen day of such appointment.</p>
<b>Face value per Debenture</b>	INR 10,00,000 (Indian Rupees Ten Lakh Only)
<b>Issue Price</b>	INR 10,00,000 (Indian Rupees Ten Lakh Only)
<b>Minimum subscription amount</b>	INR 1,00,00,000 (Indian Rupees One Crore Only)
<b>Rating</b>	'A- (Stable)' by CARE
<b>Tenor</b>	36 months from the Deemed Date of Allotment
<b>Maturity Date</b>	March 30, 2020
<b>Put Option Date</b>	None
<b>Call Option Date</b>	None
<b>Put Notification Time</b>	None
<b>Call Notification Time</b>	None
<b>Interest Rate/Coupon Rate</b>	11.17% p.a. (payable quarterly)
<b>Yield on Debentures</b>	11.65% XIRR
<b>Interest Type</b>	Fixed
<b>Interest Rate Reset/Coupon Reset (including rates, spread, effective date, interest rate cap and floor)</b>	Not applicable
<b>Step Up/Step Down Coupon</b>	Not applicable
<b>Day count basis</b>	Actual/Actual
<b>Interest Payment Frequency</b>	Quarterly (as per Annexure I)
<b>Principal Amortization</b>	Quarterly (as per Annexure I)
<b>Default Interest Rate</b>	<ul style="list-style-type: none"> <li>• In case of default in payment of interest and / or principal</li> </ul>

This document does not constitute an offer, or an invitation to offer, or a recommendation to enter into any transaction. We have sent you this document in our capacity as a potential counterparty acting at arm's length. We are not acting as your financial adviser or in a fiduciary capacity in respect of this proposed transaction or any other transaction with you unless otherwise expressly agreed by us in writing. Before entering into any transaction you should take steps to ensure that you understand the transaction and have made an independent assessment of the appropriateness of the transaction in the light of your own objectives and circumstances, including the possible risks and benefits of entering into such transaction. You should also consider seeking advice from your own advisers in making this assessment.



	<p>redemption on the due dates, additional interest @ 2% p.a. over the Coupon Rate will be payable by the Issuer for the defaulting period.</p> <ul style="list-style-type: none"> <li>• In case of default by the Issuer in the performance of any of the covenants of this Issuance, including but not limited to the financial covenants of this Issuance, additional interest @ 2% p.a. over the Coupon Rate will be payable by the Issuer for the defaulting period</li> </ul>
<b>Redemption Amount</b>	The sum of the principal outstanding on the Debentures accrued Coupon, Default Interest payable (if any) and other charges and fees payable.
<b>Early Redemption/Optionally Accelerated Prepayment</b>	<p>Any Debenture Holder(s) shall be entitled, without being obligated to cause the Company to accelerate the redemption of the Debentures of the relevant Series by giving a notice to the Debenture Trustee upon the occurrence of any of the following events during the tenure of the Debentures.</p> <ul style="list-style-type: none"> <li>- Withdrawal or suspension of the long term rating of the Debentures;</li> <li>- Downgrade of the long term rating of the Debentures or the Company to BBB or below by any rating agency;</li> <li>- On the occurrence of any Material Adverse Effect which has not been rectified within 45 days from the date of such occurrence.</li> </ul> <p>Upon the exercise of the Optional Accelerated Redemption option, the Debenture Trustee, acting on behalf of the Debenture Holder shall issue a notice in writing to the Company seeking the redemption of all Payments under the relevant Series of the Debentures held by the Debenture Holders exercising the option.</p> <p>The Company shall be compulsorily required to redeem the Debentures identified in the Optional Accelerated Redemption Notice of the relevant Debenture Holder(s) within 30 business days of the receipt of the Optional Accelerated Redemption Notice.</p>
<b>Interest on application money</b>	<p>Interest at the Coupon Rate (subject to deduction of income tax under the provisions of the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof, as applicable) will be paid to the applicants on the application money for the Debentures for the period starting from and including the date of realization of application money in Issuer's bank account up to one day prior to the Deemed Date of Allotment</p> <p>Where Pay-in Date and Deemed date of Allotment are the same, no interest on Application money is to be paid</p>
<b>Transaction documents</b>	<p>The Issuer has executed/ shall execute the documents including but not limited to the following, as required, in connection with the Issue as per latest SEBI guidelines / Companies Act 2013 (as applicable) for issuance of NCDs through Private Placement:</p> <ol style="list-style-type: none"> <li>1. Letter appointing Trustees to the Debenture Holders;</li> <li>2. Debenture Trusteeship Agreement;</li> <li>3. Debenture Trust Deed;</li> <li>4. Deed of Guarantee</li> <li>5. Information Memorandum;</li> <li>6. Private Placement Offer Letter (Form PAS 4);</li> <li>7. Board Resolution authorizing this Issuance;</li> <li>8. Applicable Shareholder Resolutions under the Companies Act 2013;</li> <li>9. Rating Agreement with the aforesaid Rating Agency(ies) with respect to this Issuance; and</li> </ol>

This document does not constitute an offer, or an invitation to offer, or a recommendation to enter into any transaction. We have sent you this document in our capacity as a potential counterparty acting at arm's length. We are not acting as your financial adviser or in a fiduciary capacity in respect of this proposed transaction or any other transaction with you unless otherwise expressly agreed by us in writing. Before entering into any transaction you should take steps to ensure that you understand the transaction and have made an independent assessment of the appropriateness of the transaction in the light of your own objectives and circumstances, including the possible risks and benefits of entering into such transaction. You should also consider seeking advice from your own advisers in making this assessment.



	10. Tripartite Agreements with the Depository(ies) and Registrar & Transfer Agent
<b>Issue Schedule</b>	Issue Open Date March 30, 2017 Issue Close Date March 30, 2017 Pay-in Date March 30, 2017 Deemed Date of Allotment March 30, 2017
<b>Conditions Precedent</b>	<p>The Company shall fulfil the following Conditions Precedent the satisfaction of the Debenture Trustee and submit Conditions Precedent documentation where applicable to the Debenture Trustee, prior to the Pay in Date:</p> <ol style="list-style-type: none"> <li>1. All corporate approvals from the Board of Directors and shareholders of the Issuer, if applicable, shall have been received for the issuance of the NCDs, and the execution, delivery and performance by the Issuer of the Transaction Documents in accordance with the Companies Act, 2013, the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Companies (Share Capital and Debentures) Rules, 2014 and other rules prescribed; (Schedule VII (ii))</li> <li>2. Execution of the Debenture Trustee Agreement and Debenture Trust Deed, in a form and manner satisfactory to the Debenture Trustee shall have taken place; (Schedule VII (iii))</li> <li>3. The Issuer shall have submitted to the Debenture Trustee the rating letter and rating rationale; (Schedule VII (iv))</li> <li>4. The Issuer shall have submitted to the Debenture Holders / Debenture Trustee, all required documents for the purpose of satisfying its respective KYC requirements; (Schedule VII (x))</li> <li>5. The Issuer shall have submitted to the Debenture Trustee a certified true copy of the constitutional documents of the Company (the Memorandum and Articles of Association and the Certificate of Incorporation) (Schedule VII (i))</li> <li>6. The Issuer shall have submitted to the Debenture Trustee its audited account statements for the most recent financial year or audited financial half-year (Schedule VII (vi) (d) )</li> </ol>
<b>Conditions Subsequent</b>	<p>The Issuer shall ensure that the following documents are executed/activities are completed as per the time frame stipulated in the Debenture Trust Deed</p> <ol style="list-style-type: none"> <li>1. The Issuer shall immediately on receipt of funds, take on all necessary steps to, including making all applicable filings in the Registrar of Companies and obtaining all necessary approvals including filing Form PAS 5 along with the Information Memorandum and Form PAS 3 along with requisite fee within prescribed timelines; (Clause 3.5 bb(i) )</li> <li>2. Receive final Listing debentures within 15 days from date of request from the Debenture Trustee (not applicable as of now (Clause 3.5(bb)(iv))</li> <li>3. The Issuer shall ensure credit of demat account(s) of the allottee(s) with the number of NCDs allotted within 3 (Three) Business Days of the Deemed Date of Allotment(Clause 3.5 (bb)(iv) )</li> <li>4. The Issuer shall ensure compliance with SEBI / Companies Act 2013 (as applicable) for issuance of NCDs.(not there in DTD) (clause 3.5(bb)(v))</li> </ol>

*This document does not constitute an offer, or an invitation to offer, or a recommendation to enter into any transaction. We have sent you this document in our capacity as a potential counterparty acting at arm's length. We are not acting as your financial adviser or in a fiduciary capacity in respect of this proposed transaction or any other transaction with you unless otherwise expressly agreed by us in writing. Before entering into any transaction you should take steps to ensure that you understand the transaction and have made an independent assessment of the appropriateness of the transaction in the light of your own objectives and circumstances, including the possible risks and benefits of entering into such transaction. You should also consider seeking advice from your own advisers in making this assessment.*



<b>Events of Default</b>	<p>Customary for financings of this nature and others appropriate in the judgment of the Debenture Holders, including but not limited to:</p> <ol style="list-style-type: none"> <li>1. Non-payment of any of the dues under this Issuance; <i>Clause 4.2 (a)</i></li> <li>2. Misrepresentation or misleading information in any of the Transaction Documents <i>Clause 4.2 (f)</i></li> <li>3. Issuer is unable or admits in writing its inability to pay its debts as they mature or suspends making payment of any of its debts, by reason of actual or anticipated financial difficulties or proceedings for taking it into liquidation have been admitted by any competent court or a moratorium or other protection from its creditors is declared or imposed in respect of any indebtedness of the Company; <i>Clause 4.2 (b)</i></li> <li>4. Insolvency, winding up, liquidation <i>Clause 4.2 (b), (h)</i></li> <li>5. A receiver or liquidator, provisional liquidator, supervisor, receiver, administrative receiver, administrator, compulsory manager, trustee or other similar officer in respect of the Company or any of its assets is appointed or allowed to be appointed of all or any part of the undertaking of the Company; <i>Clause 4.2 (h)(C)</i></li> <li>6. If an attachment or expropriation or restraint of act of sequestration is levied on the Hypothecated Assets or any part thereof; <i>Clause 4.2 (b)(iii)</i></li> <li>7. Creditors' processes initiated against the company <i>Clause 4.2 (j)</i></li> <li>8. Repudiation of Transaction Documents <i>Clause 4.2 (n)</i></li> <li>9. Cessation of business <i>Clause 4.2 (r)</i></li> <li>10. Any material act of fraud, embezzlement, misstatement, misappropriation or siphoning off of the Issuer / Promoter funds or revenues or any other act having a similar effect being committed by the management or an officer of the Issuer</li> <li>11. The Company has taken or suffered to be taken any action for re-organisation of its capital or any rearrangement, merger or amalgamation without the prior written approval of the Debenture Holders; <i>Clause 4.2 (v)</i></li> <li>12. Promoters or key management personnel of the Company being declared willful defaulter <i>Clause 4.2 (z)</i></li> <li>13. The promoter/s and/or the directors of the Company are accused of, charged with, arrested or convicted a criminal offence involving moral turpitude, dishonesty or which otherwise impinges on the integrity of the promoter/s and/or director, including any accusations, charges and/or convictions of any offence relating to bribery; <i>Clause 4.2 (z)</i></li> <li>14. Erosion of 50% or more of the Company's net worth <i>Clause 4.2 (u)</i></li> <li>15. All or a material part of the undertaking, assets, rights or revenues of the Company are condemned, seized, nationalised, expropriated or compulsorily acquired, or shall have assumed custody or control of the business or operations of the Company, or shall have taken any action for the dissolution of the Company, or any action that would prevent the Company, their member, or their officers from carrying on their business or operations or a substantial part thereof, by or under the authority of any Government or Government authority; <i>Clause 4.2 (p)</i></li> <li>16. Occurrence of a Material Adverse Effect as determined by the Debenture Trustee, acting solely on the instructions of the Majority Debenture Holders. <i>Clause 4.2 (g)</i></li> <li>17. Change in promoter control or KMP without prior written consent from the Debenture Holders (NOT THERE)</li> <li>18. Any Transaction Document once executed and delivered, ceases</li> </ol>
--------------------------	---

This document does not constitute an offer, or an invitation to offer, or a recommendation to enter into any transaction. We have sent you this document in our capacity as a potential counterparty acting at arm's length. We are not acting as your financial adviser or in a fiduciary capacity in respect of this proposed transaction or any other transaction with you unless otherwise expressly agreed by us in writing. Before entering into any transaction you should take steps to ensure that you understand the transaction and have made an independent assessment of the appropriateness of the transaction in the light of your own objectives and circumstances, including the possible risks and benefits of entering into such transaction. You should also consider seeking advice from your own advisers in making this assessment.



	<p>to be in full force or becomes unlawful, invalid and unenforceable; <i>Clause 4.2 (L)</i></p> <p>19. Security cover falls below 1.15 times <i>Clause 4.2 (e)</i></p> <p>20. A petition for the reorganization, arrangement, adjustment, winding up or composition of debts of the Company is filed on the Company (voluntary or otherwise) or have been admitted or makes an assignment for the benefit of its creditors generally and such proceeding is not contested by the company for staying, quashing or dismissed within 15 (Fifteen) days <i>Clause 4.2 (h)</i></p> <p>21. In the opinion of the Debenture Trustee, the security is in jeopardy; <i>Clause 4.2 (e)</i></p> <p>22. Breach of the any covenant, terms and conditions, including but not limited to, following covenants: <i>Clause 4.2 (aa)</i></p> <ul style="list-style-type: none"> <li>a) Affirmative Covenants – (i) Preserve corporate status; authorisations, (ii) Payment of Stamp Duty, (iii) Handling Investor grievances, (iv) Compliance with Investor Education and Protection Fund requirements, (v) Regulatory Filings, (vi) Regulatory requirements in case of a Foreign Investor, (vii) Maintenance of Books of Account and (viii) Corporate Governance; and</li> <li>b) Negative Covenants - (i) Change of business; (ii) Maintenance of controlling stake by Promoter and (iii) Dividend distribution in case of default</li> <li>c) Financial Covenants where such breach is not cured within 60 (Sixty) calendar days.</li> <li>d) Any other covenant or undertaking of the company in the transaction documents, where such breach is not cured within 30 (thirty) calendar days.</li> </ul> <p>23. Cross Default: <i>Clause 4.2 (i)</i></p> <ul style="list-style-type: none"> <li>a. Defaults in any payment of Financial Indebtedness beyond the period of grace if any, provided in the instrument or agreement under which such Indebtedness was created; or</li> <li>b. Declaration of default by any creditor of the Issuer or acceleration of Financial Indebtedness</li> </ul> <p>Upon occurrence of any of the aforesaid event of default, the Debenture Trustee may by a notice in writing to the Company initiate actions as may be contemplated in the Transaction Documents including the following:</p> <ul style="list-style-type: none"> <li>(a) require the Company to mandatorily redeem the Debentures and repay the principal amount on the Debentures, along with accrued but unpaid interest, and other costs, charges and expenses incurred under or in connection with this Deed and other Transaction Documents;</li> <li>(b) declare all or any part of the Debentures to be immediately (or on such dates as the Debenture Trustee may specify) due and payable, whereupon it shall become so due and payable.</li> </ul>
<b>Reporting Covenants</b>	<ol style="list-style-type: none"> <li>1. <b>Quarterly Reports</b> – within 45 (Forty Five) calendar days from the end of each financial quarter <i>Clause 3.4 (a)</i> <ul style="list-style-type: none"> <li>a) Information on financials, operations, portfolio growth and asset quality (static portfolio cuts, collection efficiency and portfolio at risk data), funding data, in formats acceptable to the Debenture Holders</li> </ul> </li> </ol>

*This document does not constitute an offer, or an invitation to offer, or a recommendation to enter into any transaction. We have sent you this document in our capacity as a potential counterparty acting at arm's length. We are not acting as your financial adviser or in a fiduciary capacity in respect of this proposed transaction or any other transaction with you unless otherwise expressly agreed by us in writing. Before entering into any transaction you should take steps to ensure that you understand the transaction and have made an independent assessment of the appropriateness of the transaction in the light of your own objectives and circumstances, including the possible risks and benefits of entering into such transaction. You should also consider seeking advice from your own advisers in making this assessment.*



	<p>b) Financial covenant compliance certificate signed by a Director or the Chief Financial Officer</p> <p>c) Copy of returns filed with the Reserve Bank of India ("RBI") and the SEBI (as applicable)</p> <p>2. <b>Annual Reports</b> – within 120 (One Hundred and Twenty) calendar days from the end of each financial year Clause 3.4 (b)</p> <p>a) Audited financial statements</p> <p>3. <b>Event Based Reports</b> – within 5 (Five) Business Days of the event occurring</p> <p>a) Change in list of Board of Directors NOT THERE</p> <p>b) Change in Shareholding structure Clause 3.4 (c) (i)</p> <p>c) Change in senior management officials (any CXO or equivalent) Clause 3.4 (c) (i)</p> <p>d) Snapshot of Board approved annual business plan Clause 3.4 (c) (iii)</p> <p>e) Change in the constitutional documents of the Company Clause 3.4 (c) (iv) (e)</p> <p>f) Material Adverse Effect Clause 3.4 (c) (iv) (a)</p> <p>g) Any dispute, litigation, investigation or other proceeding which could result in a Material Adverse Effect. Clause 3.4 (c) (iv) (b)</p> <p>h) Winding up proceedings Clause 3.4 (c) (iv) (f)</p> <p>i) Any Event of Default or Potential Default, and any steps taken / proposed to remedy the same. Clause 3.4 (c) (iv) (c)</p>
	<p>Any prepayment or notice of any prepayment of any Indebtedness of the Issuer Clause 3.4 (c) (iv) (d)</p>
<b>Financial Covenants</b>	<p>1. The capital adequacy ratio (as defined in NBFC Regulations) shall be above 18% at all point in time Clause 3.3 (a)</p> <p>2. Gross NPA (on the Borrower's entire portfolio, including receivables sold or discounted on a non-recourse basis) in a financial year shall not exceed 10% (Ten Percent) till 30-Sep-2017 and the Gross NPA in a financial year shall not exceed 7% (Seven Percent) after 30-Sep-2017 of the Borrower's Gross Loan Portfolio; Clause 3.3 (b)</p> <p>3. The ratio of Financial Indebtedness to Equity shall not exceed 6x; Clause 3.3 (d)</p> <p>4. Minimum Equity of Rs. 150 crores shall be maintained at all times;</p> <p>5. Ratio of Tangible Net Worth to PAR 150 less Loan Loss Provisions shall be 7.5x or more Clause 3.3 (f) and</p> <p>6. No loss on annual basis (PAT) Clause 3.3 (g)</p> <p>"Gross Loan Portfolio" shall mean and include the outstanding principal amount of the loans originated by the Borrower on its own books, securitized portfolio as well as loans originated on behalf of other entities by entering into partnership agreements but not included on the Borrower's own book;</p> <p>"PAR90" shall mean on the Company's entire loan assets the outstanding</p>

This document does not constitute an offer, or an invitation to offer, or a recommendation to enter into any transaction. We have sent you this document in our capacity as a potential counterparty acting at arm's length. We are not acting as your financial adviser or in a fiduciary capacity in respect of this proposed transaction or any other transaction with you unless otherwise expressly agreed by us in writing. Before entering into any transaction you should take steps to ensure that you understand the transaction and have made an independent assessment of the appropriateness of the transaction in the light of your own objectives and circumstances, including the possible risks and benefits of entering into such transaction. You should also consider seeking advice from your own advisers in making this assessment.



	<p>principal value of the relevant portfolio of the Company that has one or more instalments of principal, interest payments overdue for 90 days or more, includes restructured loans but excludes loans that have been written off by the Company;</p> <p>"PAR 150" shall mean on the Company's entire loan assets the outstanding principal value of the relevant portfolio of the Company that has one or more instalments of principal, interest payments overdue for 150 days or more, includes restructured loans but excludes loans that have been written off by the Company;</p> <p>"Equity" shall mean issued and paid up equity share capital + compulsorily convertible preference share capital/debentures + all reserves as per the audited financials of the Issuer other than Revaluation Reserve minus goodwill/intangible assets.</p> <p>"Gross NPA" shall mean the entire outstanding principal value of the relevant portfolio of the Issuer that has one or more instalments of payments (including principal or interest) overdue for 150 days or more or any restructured loans. The number of days to be reduced to 120 days from 31<sup>st</sup> March 2017 and 90 days from 31<sup>st</sup> March 2018 onwards;</p> <p>"Net NPA" shall be calculated as Gross NPA less provision made for Gross NPA.</p> <p>"Tangible Net worth" for above purpose shall mean the aggregate amount of equity capital, equity share premium and reserves (excluding revaluation reserves), as reduced by the aggregate amount of goodwill, other intangible assets and investments in group companies.</p> <p>All covenants would be tested on quarterly basis for the Company, i.e. as on 31st March, 30<sup>th</sup> June, 30th September and 31<sup>st</sup> December every year, starting from 31<sup>st</sup> March 2017 on consolidated and standalone balance sheet till the redemption of the Debentures.</p> <p>The covenants shall be certified by the Company within 60 (Sixty) calendar days from the end of each financial quarter.</p>
<b>Affirmative Covenants</b>	<ol style="list-style-type: none"> <li>1. To utilise the proceeds of this issue in accordance with applicable laws and regulations NOT THERE in 3.5 , but captured in 3.1</li> <li>2. To comply with corporate governance, fair practices code prescribed by the RBI Clause 3.5 (v)</li> <li>3. Notification of any Event of Default or Event of Default; Clause 3.5 (i)</li> <li>4. Obtain, comply with and maintain all licenses / authorizations Clause 3.5 (e) (iii)</li> <li>5. Provide details of any material litigation, arbitration or administrative proceedings (materiality threshold to be finalized during documentation) other than under taxation laws prevailing in India Clause 3.5 (i) (iii)</li> <li>6. Maintain internal control for the purpose of (i) preventing fraud on monies lent by the Company; and (ii) preventing money being used for money laundering or illegal purposes NOT THERE</li> <li>7. Permit visits and inspection of books of records, documents and accounts to debenture holders as and when required by them 3.5 (r)</li> <li>8. Comply with any monitoring and/or servicing requests from Debenture Holders NOT THERE</li> <li>9. Promoters holding in the Issuer, on fully diluted basis, shall not fall below 40% NOT THERE</li> </ol>

This document does not constitute an offer, or an invitation to offer, or a recommendation to enter into any transaction. We have sent you this document in our capacity as a potential counterparty acting at arm's length. We are not acting as your financial adviser or in a fiduciary capacity in respect of this proposed transaction or any other transaction with you unless otherwise expressly agreed by us in writing. Before entering into any transaction you should take steps to ensure that you understand the transaction and have made an independent assessment of the appropriateness of the transaction in the light of your own objectives and circumstances, including the possible risks and benefits of entering into such transaction. You should also consider seeking advice from your own advisers in making this assessment.



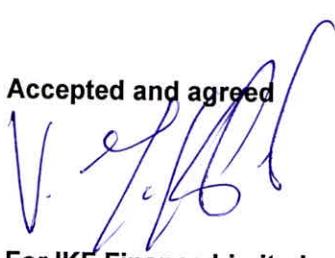
	<p>10. Issuer shall not buy-back any equity of any of its present or future shareholder during the tenor of the Debentures NOT THERE</p>
<b>Negative Covenants</b>	<p>The Issuer shall not without the prior written permission of the Debenture Holders and Debenture Trustee, do or undertake to do any of the following:</p> <ol style="list-style-type: none"> <li>1. Change in promoter, ownership or control Clause 3.6 (a) (iii) (iv) (L)</li> <li>2. M&amp;A, acquisition, restructuring, amalgamation without approval of Debenture Holders over and above 10% of the Networth of the Issuer during the Tenor of the Facility Clause 3.6 (e)</li> <li>3. The Issuer shall not, without the prior approval of Debenture Holders, enter into any transaction of merger, de-merger, consolidation, re-organization, scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction; provided however that this restriction shall not apply in the event that the compliance with this restriction would result in the Issuer defaulting in relation to any of its payment obligations in relation to the Debentures. Clause 3.6 (c)</li> <li>4. The Issuer will not purchase or redeem any of its issued shares or reduce its share capital without the Debenture Holders' prior written consent; Clause 3.6 (a) (ii)</li> <li>5. Issuer shall not amend or modify clauses in its Memorandum of Association and Article of Association, where such amendment would have a Material Adverse Effect, without prior consent of the Debenture Trustee Clause 3.6 (a) (ii)</li> <li>6. Issuer shall not change its financial year-end from 31st March (or such other date as may be approved by Debenture Holders) without prior consent of the Debenture Trustee NOT THERE</li> <li>7. Any sale of assets/business/division that has the effect of exiting the business or re-structuring of the existing business, to be with the prior consent of the debenture holder Clause 3.6 (m)</li> <li>8. No dividend, if an Event of Default has occurred and is subsisting Clause 3.6 (b)</li> <li>9. Not undertake any new major new business outside financial services or any diversification of its business outside financial services, without approval of NCD holders. Financial services include conversion of the company into SFB and any business as included in MoA/AoA and allowed as per RBI guidelines for Banks. Clause 3.6 (a) (i)</li> </ol>
<b>Representations &amp; Warranties</b>	<ol style="list-style-type: none"> <li>1. The Company is registered with the RBI as an NBFC or SFB Clause 3.2 (a)</li> <li>2. No Event of Default has occurred and is continuing on the date of this transaction Clause 3.2 (f)</li> <li>3. The Debentures under this Issuance shall rank pari passu amongst themselves, and with all other unsubordinated <b>secured</b> creditors. Binding obligation of Transaction Documents Clause 3.2 (g)</li> <li>4. No conflict with other obligations / constitutional documents Clause 3.2 (c)</li> <li>5. No Material Adverse Change in business, condition or operations of the Issuer NOT THERE</li> <li>6. Company has the power and authority to issue Debentures and such Transactions Documents are valid and admissible in evidence Clause 3.2 (d)</li> <li>7. Absence of any pending or threatened litigation, investigation or proceedings that may have a material adverse effect on the</li> </ol>

This document does not constitute an offer, or an invitation to offer, or a recommendation to enter into any transaction. We have sent you this document in our capacity as a potential counterparty acting at arm's length. We are not acting as your financial adviser or in a fiduciary capacity in respect of this proposed transaction or any other transaction with you unless otherwise expressly agreed by us in writing. Before entering into any transaction you should take steps to ensure that you understand the transaction and have made an independent assessment of the appropriateness of the transaction in the light of your own objectives and circumstances, including the possible risks and benefits of entering into such transaction. You should also consider seeking advice from your own advisers in making this assessment.



	<p>business condition (financial or otherwise), operations, performance or prospects of the Issuer or that purports to affect the Facility Clause 3.2 (h)</p> <p>8. Illegality NOT THERE</p> <p>And as set out in greater detail in the Transaction Documents.</p>
<b>Indemnification</b>	The Issuer will indemnify, and hold harmless the Debenture Holders from and against any claim, liability, demand, loss, damage, judgment or other obligation or right of action which may arise as a result of breach of this Term Sheet by the Issuer or its Promoter/s. NOT THERE
<b>Confidentiality</b>	The terms and conditions described in this Term Sheet, including its existence, shall be confidential information and shall not be disclosed to any third party except to each Party's advisors and counsel. Provided however that if any of the Parties is required by law to disclose information regarding this Term Sheet or to file this Term Sheet with any regulatory body, it shall, at a reasonable time after making any such disclosure or filing, informing the other Parties.
<b>Governing Law &amp; Jurisdiction</b>	This Term Sheet shall be governed and construed exclusively in accordance with the laws of India and any disputes arising there from shall be subject to the jurisdiction of appropriate courts and tribunals at Chennai, India.
<b>Transaction Costs</b>	<p>The Issuer shall bear all transaction related costs incurred by the Debenture Holders with respect to legal counsel, valuers and auditors / consultants. Such costs include:</p> <ol style="list-style-type: none"> <li>1. Trustee fees</li> <li>2. Listing fees</li> <li>3. Any other reasonable transaction related expense incurred by the Debenture Holders</li> <li>4. Stamping and registration in relation to all Transaction Documents.</li> </ol>
<b>Taxes, Duties, Costs and Expenses</b>	<ol style="list-style-type: none"> <li>1. Relevant taxes, duties and levies are to be borne by the Issuer.</li> <li>2. The charges / fees and any amounts payable under this Debentures by the Issuer as mentioned herein do not include any applicable taxes, levies including service tax etc. and all such impositions shall be borne by the Issuer additionally.</li> </ol>
<b>Eligible investors</b>	As permitted under Applicable Law

Accepted and agreed

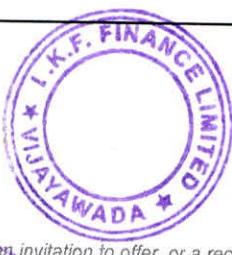


For IKF Finance Limited

(Authorised signatory)

For Reliance Mutual Fund

(Authorised signatory)



This document does not constitute an offer or an invitation to offer, or a recommendation to enter into any transaction. We have sent you this document in our capacity as a potential counterparty acting at arm's length. We are not acting as your financial adviser or in a fiduciary capacity in respect of this proposed transaction or any other transaction with you unless otherwise expressly agreed by us in writing. Before entering into any transaction you should take steps to ensure that you understand the transaction and have made an independent assessment of the appropriateness of the transaction in the light of your own objectives and circumstances, including the possible risks and benefits of entering into such transaction. You should also consider seeking advice from your own advisers in making this assessment.

### Annexure I

#### Cash Flow Computation

(Figure in Rupees.)

Dates	Principal Paid	Interest Accrued	Interest Paid	Outstanding	Net Cash Flow
30-Mar-17				450,000,000.00	(450,000,000.00)
30-Apr-17		4,269,082.19		450,000,000.00	-
30-May-17		4,131,369.86		450,000,000.00	-
30-Jun-17	37,500,300.00	4,269,082.19	12,669,534.25	412,499,700.00	50,169,834.25
30-Jul-17		3,787,086.29		412,499,700.00	-
30-Aug-17		3,913,322.50		412,499,700.00	-
30-Sep-17	37,499,850.00	3,913,322.50	11,613,731.28	374,999,850.00	49,113,581.28
30-Oct-17		3,442,806.84		374,999,850.00	-
30-Nov-17		3,557,567.07		374,999,850.00	-
30-Dec-17	37,499,850.00	3,442,806.84	10,443,180.75	337,500,000.00	47,943,030.75
30-Jan-18		3,201,811.64		337,500,000.00	-
28-Feb-18		2,995,243.15		337,500,000.00	-
28-Mar-18	37,500,300.00	2,891,958.90	9,089,013.70	299,999,700.00	46,589,313.70
28-Apr-18		2,846,051.95		299,999,700.00	-
28-May-18		2,754,243.82		299,999,700.00	-
28-Jun-18	37,499,850.00	2,846,051.95	8,446,347.72	262,499,850.00	45,946,197.72
28-Jul-18		2,409,964.38		262,499,850.00	-
28-Aug-18		2,490,296.52		262,499,850.00	-
28-Sep-18	37,499,850.00	2,490,296.52	7,390,557.42	225,000,000.00	44,890,407.42
28-Oct-18		2,065,684.93		225,000,000.00	-
28-Nov-18		2,134,541.10		225,000,000.00	-
28-Dec-18	37,500,300.00	2,065,684.93	6,265,910.96	187,499,700.00	43,766,210.96
28-Jan-19		1,778,781.40		187,499,700.00	-
28-Feb-19		1,778,781.40		187,499,700.00	-
28-Mar-19	37,499,850.00	1,606,641.26	5,164,204.07	149,999,850.00	42,664,054.07
28-Apr-19		1,423,025.97		149,999,850.00	-
28-May-19		1,377,121.91		149,999,850.00	-
28-Jun-19	37,499,850.00	1,423,025.97	4,223,173.86	112,500,000.00	41,723,023.86
28-Jul-19		1,032,842.47		112,500,000.00	-
28-Aug-19		1,067,270.55		112,500,000.00	-
28-Sep-19	37,500,300.00	1,067,270.55	3,167,383.56	74,999,700.00	40,667,683.56
28-Oct-19		688,558.89		74,999,700.00	-
28-Nov-19		711,510.85		74,999,700.00	-
28-Dec-19	37,499,850.00	688,558.89	2,088,628.63	37,499,850.00	39,588,478.63
28-Jan-20		355,755.43		37,499,850.00	-
28-Feb-20		355,755.43		37,499,850.00	-
30-Mar-20	37,499,850.00	355,755.43	1,067,266.28	-	38,567,116.28



This document does not constitute an offer, or an invitation to offer, or a recommendation to enter into any transaction. We have sent you this document in our capacity as a potential counterparty acting at arm's length. We are not acting as your financial adviser or in a fiduciary capacity in respect of this proposed transaction or any other transaction with you unless otherwise expressly agreed by us in writing. Before entering into any transaction you should take steps to ensure that you understand the transaction and have made an independent assessment of the appropriateness of the transaction in the light of your own objectives and circumstances, including the possible risks and benefits of entering into such transaction. You should also consider seeking advice from your own advisers in making this assessment.