

SECTION 8: ANNEXURES

ANNEXURE I

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| Issuer | IKF Finance Limited ("IKF Finance") |
| Issue Size | Rs. 100 crores (Rupees Hundred Crore Only) |
| Option to retain oversubscription | NA |
| Type of Instrument | Secured, Redeemable, Non-Convertible, Rated, Listed, Taxable Debentures in the nature of Debentures ("Debentures") |
| Nature of Instrument | Secured |
| Issuance Mode | In Demat mode only |
| Trading Mode | In Demat mode only |
| Objects of the Issue | <p>The proceeds of the Issuance will be utilized for the following purposes:</p> <ul style="list-style-type: none"> - For onward lending - for the ordinary course of business of the Issuer including repayment/re-financing of existing debt <p>Issue proceeds will not be used for acquisition of land or for investing in Capital Markets or for the following purposes which are not eligible for bank finance:</p> <ol style="list-style-type: none"> 1. Bills discounted / rediscounted by the Issuer - except for rediscounting of bills discounted by NBFCs arising from sale of - <ol style="list-style-type: none"> (a) commercial vehicles (including light commercial vehicles), and (b) two wheeler and three wheeler vehicles, subject to the following conditions : <ul style="list-style-type: none"> • the bills should have been drawn by the manufacturer on dealers only; • the bills should represent genuine sale transactions as may be ascertained from the chassis / engine number; and • before rediscounting the bills, banks should satisfy themselves about the bona fides and track record of NBFCs which have discounted the bills. 2. Investments of the Issuer both of current and long-term nature, in any company / entity by way of shares, Debentures. 3. Unsecured loans / inter-corporate deposits by the Issuer to / in any company. 4. All types of loans and advances by the Issuer to their subsidiaries, group companies / entities. 5. Further lending to individuals for subscribing to Initial Public |



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| | <p>Offerings (IPOs) and for purchase of shares from secondary market.</p> <p>The proceeds of this Issue shall not be used for any purpose, which may be in contravention of the government/RBI/SEBI/other regulatory guidelines</p> |
| Utilization of Issue Proceeds | <p>The proceeds of the Issuance will be utilized for the following purposes:</p> <ul style="list-style-type: none"> - General corporate purposes - for the ordinary course of business of the Issuer including repayment/re-financing of existing debt <p>Issue proceeds will not be used for acquisition of Land or for investing in Capital Markets and for purposes not eligible for Bank Finance:</p> <p>1. Bills discounted / rediscounted by the Issuer - except for rediscounting of bills discounted by NBFCs arising from sale of -</p> <p>(a) commercial vehicles (including light commercial vehicles), and</p> <p>(b) two wheeler and three wheeler vehicles, subject to the following conditions :</p> <ul style="list-style-type: none"> • the bills should have been drawn by the manufacturer on dealers only; • the bills should represent genuine sale transactions as may be ascertained from the chassis / engine number; and • before rediscounting the bills, banks should satisfy themselves about the bona fides and track record of NBFCs which have discounted the bills. <p>2. Investments of the Issuer both of current and long-term nature, in any company / entity by way of shares, Debentures.</p> <p>3. Unsecured loans / inter-corporate deposits by the Issuer to / in any company.</p> <p>4. All types of loans and advances by the Issuer to their subsidiaries, group companies / entities.</p> <p>5. Further lending to individuals for subscribing to Initial Public Offerings (IPOs) and for purchase of shares from secondary market.</p> <p>The proceeds of this Issue shall not be used for any purpose, which may be in contravention of the government/RBI/SEBI/other regulatory guidelines</p> |
| Security | <p>1. Debentures are secured by way of exclusive floating charge on receivables to the extent of 133% of principal amount of Debentures outstanding and interest thereon.</p> <p>If the Security Cover falls below 1.33 times 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 30</p> |



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| | (thirty) 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. |
| Seniority | Senior |
| Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of such objects | Nil |
| Mode of Issue | Private Placement |
| Listing | Proposed to be listed on the Wholesale Debt Market Segment (WDM) of BSE |
| Trustees | IDBI Trusteeship Services Limited |
| Credit Rating | CARE A |
| Credit Enhancement | Nil |
| Face Value | Rs. 10 Lakhs per Debenture |
| Premium on issue | Nil |
| Discount on issue | Nil |
| Issue Price | At par, Rs. 10 Lakhs per Debenture |
| Premium on redemption | Nil |
| Discount on redemption | Nil |
| Minimum Application | 10 Debentures and in multiples of 1 Debenture thereafter |
| Tenor | 1 Year 6 Months from the deemed date of allotment |
| Put Option | None |
| Put Option Price | Not Applicable |
| Put Option Date | Not Applicable |
| Put Notification Time | Not Applicable |
| Call Option | None |
| Call Option Price | Not Applicable |
| Call Option Date | Not Applicable |
| Call Notification Time | Not Applicable |
| Coupon Rate | 9.25% Per Annum |
| Redemption/ Maturity Amount | At Par |
| Redemption Date | 18.03.2022 |



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| Step Up Coupon Rate | If Rating goes down by "single" notch from the existing level of A, the rate of interest shall increase by 25 basis points for every notch downward over and above the prevailing coupon rate immediately prior to such rating downgrade. Such enhanced coupon rate shall be applicable from the date of issue of the rating downgrade, by any rating agency, to the residual maturity of Debentures | |
| Step Down Coupon Rate | None | |
| Coupon Payment Frequency | Yearly | |
| Coupon Payment Dates | 1st Coupon date | 18.09.2021 |
| | 2nd and Final Coupon date | 18.03.2022 |
| Coupon Type | Fixed | |
| Coupon Reset | None | |
| Day Count Basis | Actual/Actual | |
| Issue Timing | | |
| 1. Issue Opening Date | 17-Sep-2020 | |
| 2. Issue Closing Date | 17-Sep-2020 | |
| 3. Pay-in Date | 18-Sep-2020 | |
| 4. Deemed Date of Allotment | 18-Sep-2020 | |
| Default Interest Rate | 2% (Two percent) over and above the Coupon Rate per annum, for the defaulting period, in the event the Issuer fails to make any payments of Interest and/or principal redemption to the Debenture Holders on their respective due dates. | |
| Settlement Mode | Payment of interest and repayment of principal shall be made by way of cheque(s)/ credit through RTGS/ Electronic Fund Transfer or any other electronic mode offered by the Banks | |
| Bid Timing | 10.00 am to 2.00 pm | |
| Settlement Cycle for EBP | [T+1] | |
| Type of Bidding | Closed bidding | |
| Manner of Allotment | Uniform - yield | |
| Depositories | NSDL | |
| Registrar | Bigshare Services Private Limited | |
| Valuer | Not Applicable | |
| Business Day Convention | 'Business Day' shall be a day on which commercial banks are open for business in the city of Mumbai, Maharashtra and when the money market is functioning in Mumbai. If the date of payment of interest/redemption of principal does not fall on a Business Day, the payment of interest/principal shall be made in accordance with SEBI Circular CIR/IMD/DF-1/122/2016 dated November 11, 2016. If any of the Coupon Payment Date(s), other than the ones falling on the redemption date, falls on a day that is not a Business Day, the payment | |



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| | <p>shall be made by the Issuer on the immediately succeeding Business Day, which becomes the coupon payment date for that coupon. However, the future coupon payment date(s) would be as per the schedule originally stipulated at the time of issuing the Debentures. In other words, the subsequent coupon payment date(s) would not be changed merely because the payment date in respect of one particular coupon payment has been postponed earlier because of it having fallen on a non-Business Day.</p> <p>If the redemption date of the Debentures falls on a day that is not a Business Day, the redemption amount shall be paid by the Issuer on the immediately preceding Business Day which becomes the new redemption date, along with interest accrued on the Debentures until but excluding the date of such payment.</p> |
| Record Date | The Record Date shall be 15 Calendar days prior to each coupon payment date / redemption date. |
| Investors who are eligible to apply | <ul style="list-style-type: none"> a) Banks and Financial Institutions b) FIIs c) Mutual Funds d) Insurance Companies e) Provident and Pension and Gratuity Funds f) Companies and Bodies Corporate including Public Sector Undertakings g) Individuals and Hindu Undivided Families h) Partnership Firms i) Any other investor authorized to invest in these Debentures <p>Applications can only be made by the applicants / Institutions to whom this offer is addressed.</p> |
| Transaction Documents | <p>The Issuer 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"> 1. Letter appointing Trustees to the Debenture Holders; 2. Debenture Trusteeship Agreement; 3. Debenture Trust Deed; 4. Deed of Hypothecation; 5. Information Memorandum; 6. Board Resolution authorizing and/ or a resolution of a committee of the board of directors authorising this Issuance; 7. Rating Letter 8. Undertaking certifying that the total issuance covered under PCGS by IKF Finance Limited to all PSBs shall be capped at 1.25 times of Company's total maturing liabilities over a period of six months from the date of issue of NCDs/ CPs. A copy of the same to be submitted to Debenture Trustee and the branch (SBI CB Hyderabad) each. 9. Undertaking certifying that the Company will rework the Asset Liability structure within three months to have positive ALM in each bucket for the first three months and on cumulative basis for the remaining period. A copy of the same to be submitted to Debenture Trustee and the branch (SBI CB Hyderabad) each. 10. Any other documents as may be specified by the Debenture Trustee |
| Issuer's Undertaking | <p>The Issuer undertakes that it has executed/ shall execute the documents including but not limited to the following in connection with the Issue:</p> <ol style="list-style-type: none"> 1. Tripartite Agreement between the Issuer; Registrar and NSDL for |



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| | <p>issue of Debentures in dematerialized form;</p> <ol style="list-style-type: none"> 2. Tripartite Agreement between the Issuer, Registrar and CDSL for issue of Debentures in dematerialized form; 3. Letter appointing Bigshare Services Private Limited as Registrar |
| <p>Conditions precedent to subscription of Debentures</p> | <p>The Issuer represents and warrants to the Investor or its successors or assigns, prior to and upon the execution of the Transaction Documents/Agreement and at the time of issuance of the Debentures and at all time during the currency of the Transaction Documents, that:</p> <ol style="list-style-type: none"> 1. The Issuer is duly incorporated, validly existing, and in good standing; 2. The Issuer is authorized to enter into the Transaction Documents, and the Transaction Documents are a valid and binding obligation of the Issuer enforceable in accordance with its terms; and the execution and performance of the Transaction Documents by the Issuer is lawful and does not constitute a default, acceleration or termination of any other agreement to which the Issuer is a party or breach of any judgment, decree, order or award. 3. All information provided by the Issuer to the Investor at any time is true, complete, and accurate, 4. The Issuer is the sole owner of all assets shown on the Issuer's financial statements delivered to the Investor save and except as stated in the said financial statements. 5. The Issuer is solvent and capable of paying its obligations as and when they become due. 6. There is no material litigation including winding up proceedings or governmental proceeding pending against the Issuer and the Issuer is not aware of any such proceeding being threatened, which could impair the Issuer's net worth or ability to perform this Agreement. 7. The Issuer maintains and shall maintain accurate business and financial records and prepares and shall prepare its financial statements in accordance with generally accepted accounting principles. 8. In case the Issuer is a Company under the Companies Act, 1956 or Companies Act, 2013, as the case may be:- <ol style="list-style-type: none"> i. All corporate authorizations required for entering into the Transaction Documents and performing the transactions pursuant hereto have been obtained and are in full force and effect, and the Transaction Documents and all transactions pursuant hereto are and will be in accordance with all applicable provisions of law; 9. Obligation hereunder are not in conflict with any other obligations of the Issuer 10. The execution of Transaction Documents is binding on the Issuer and such executed documents are valid and admissible in evidence in the court of law. 11. There is no Material Adverse Change occurred or event of default has occurred or continuing with respect to the Issuer and no such event or circumstance would occur as a result of its executing the Transaction Documents or performance of any obligation there under. 12. The Investor or it's successors and assigns shall have a exclusive floating charge on the identified business loan receivables of our Company 13. The Issuer shall take appropriate measures and/or authorization |



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| | <p>to create Security in favour of the Trustees or its successors and assigns and avail the financial indebtedness.</p> <p>14. The Issuer shall have good title to assets, to be provided as security.</p> |
| Conditions subsequent to subscription of Debentures | <p>The Issuer shall ensure that the following documents are executed/ activities are completed as per time frame mentioned elsewhere in this Private Placement Offer Letter:</p> <ol style="list-style-type: none"> 1. Ensuring that the payment made for subscription to the Debentures is received from the bank account of the person/ entity subscribing to the Debentures and keep record of the bank accounts from where payments for subscriptions have been received. In case of subscription to the Debentures to be held by joint holders, application monies is received from the bank account of the person whose name appears first in the Application Form; 2. Maintaining a complete record of private placement offers in Form PAS-5; 3. Filing a return of allotment of Debentures with complete list of all Debentureholders in Form PAS-3 under section 42 of the Companies Act, 2013, with the Registrar of Companies, Chennai on the Deemed Date of Allotment along with fee as provided in the Companies (Registration Offices and Fees) Rules, 2014; 4. Credit of demat account(s) of the allottee(s) by number of Debentures allotted within two working days from the Deemed Date of Allotment; 5. Receipt listing approval from BSE within 15 days from the Deemed Date of Allotment of Debentures; <p>Besides, the Issuer shall perform all activities, whether mandatory or otherwise, as mentioned elsewhere in the Private Placement Offer Letter.</p> |
| Covenants | <p>Rating Covenant</p> <ol style="list-style-type: none"> 1. If Rating goes down by "single" notch from the existing level of A, the rate of interest shall increase by 25 basis points for every notch downward over and above the prevailing coupon rate immediately prior to such rating downgrade. Such enhanced coupon rate shall be applicable from the date of issue of the rating downgrade, by any rating agency, to the residual maturity of Debentures. 2. If the rating of the company goes below BBB- then the Debenture holder shall have right for accelerated redemption and it shall lead to full redemption of the Debentures. <p>Financial Covenants</p> <ol style="list-style-type: none"> 1. Capital adequacy of the company should not fall below 15% during entire tenor of Debenture till maturity. 2. Debt equity ratio should be maintained below 6.00 during entire |



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| | <p>tenor of Debenture till maturity.</p> <p>3. Promoter's controlling stake shall be maintained to till the maturity of the Debentures)</p> <p>All covenants would be tested on quarterly basis for the Company, i.e. as on 31st March, 30th June, 30th September and 31st December every year, on consolidated and standalone balance sheet till the redemption of the Debentures.</p> <p>The covenants shall be certified by the Company within 45 (Forty-Five) calendar days from the end of each financial half year.</p> <p><u>Reporting Covenants</u></p> <p>Quarterly Reports – within 45 (Forty Five) calendar days from the end of each financial quarter</p> <ul style="list-style-type: none"> a) Information on financials b) List of Board of Directors c) Shareholding Pattern d) Financial covenant compliance certificate signed by a Director or the Chief Financial Officer/Treasury Head <p>Annual Reports – within 120 (One Hundred and Twenty) calendar days from the end of each financial year</p> <ul style="list-style-type: none"> a) Audited financial statements <p>Event Based Reports – within 15 (Fifteen) Business Days of the event occurring</p> <ul style="list-style-type: none"> a) Change in list of Board of Directors b) Changes in accounting policy, which have a material impact and excluding changes required due to compliance with statutory requirements c) Change in Shareholding structure d) Change in senior management officials (any CXO or equivalent) e) Snapshot of Board approved annual business plan f) Change in the constitutional documents of the Company g) Material Adverse Effect h) Any dispute, litigation, investigation or other proceeding which could result in a Material Adverse Effect. i) Winding up proceedings j) IBC related application/petition <p>Affirmative Covenants</p> <ul style="list-style-type: none"> 1. To utilise the proceeds of this issue in accordance with applicable laws and regulations 2. To comply with corporate governance, fair practices code prescribed by the RBI |
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| | <ol style="list-style-type: none"> 3. To comply with latest regulatory guidelines, including on LCR, if applicable 4. Notification of any potential Event of Default or Event of Default; 5. Obtain, comply with and maintain all licenses / authorizations 6. Permit visits and inspection of books of records, documents and accounts to Debenture Trustee as and when required by them 7. Comply with any monitoring and/or servicing requests from Debenture Trustee <p>Other Covenant</p> <ol style="list-style-type: none"> 1. Security Creation: In the event of delay in execution of Debenture Trust Deed within three months of the issue closure, the Company shall pay penal interest at the rate of 2.00% p.a. over the Coupon Rate till these conditions are complied with or refund the subscription (ie. redemption at par) along with other monies/accrued interest due in respect thereof, at the option of the Debentureholders; 2. Default in Payment: In case of default in payment of interest and/ or principal redemption on the due dates, the Company shall pay additional interest at the rate of 2.00% p.a. over the Coupon Rate for the defaulting period i.e. the period commencing from and including the date on which such amount becomes due and upto but excluding the date on which such amount is actually paid. 3. Delay in Listing: The Company shall receive listing approval from BSE within 20 days from the Deemed Date of Allotment of Debentures. In case of delay in listing of the Debentures beyond 15 days from the Deemed Date of Allotment, the Company shall pay penal interest at the rate of 1.00% p.a. over the Coupon Rate from the expiry of 30 days from the Deemed Date of Allotment till the listing of Debentures to the Debentureholder(s). <p>The interest rates mentioned in above covenants shall be independent of each other.</p> <p>In case any of the "Covenants" is breached and continues breached for a period of 30 days from such breach coming to notice, the Primary Debentureholder would reserve the right to recall the outstanding principal amount on the NCDs (ie. redemption at par) along with other monies/accrued interest due in respect thereof.</p> |
| Representations & Warranties | <ol style="list-style-type: none"> 1. The Company is registered as an NBFC 2. No Event of Default has occurred and is continuing on the date of this transaction 3. No conflict with other obligations / constitutional documents 4. No Material Adverse Change in business, condition or operations of the Issuer 5. Company has the power and authority to issue Debentures and such Transactions Documents are valid and admissible in evidence 6. Absence of any pending or threatened litigation, investigation or proceedings that may have a material adverse effect on the business condition (financial or otherwise), operations, performance or prospects of the Issuer or that purports to affect the Facility |



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| | <p>7. Illegality</p> <p>And as set out in greater detail in the Transaction Documents.</p> |
| Indemnification | <p>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.</p> |
| Event of Defaults | <p>Occurrence of any of the following events constitutes an event of default with respect to the Issuer:</p> <ul style="list-style-type: none"> • The Issuer shall fail to promptly pay any amount now or hereafter owing to the Investors as and when the same shall become due and payable; or • If the Issuer fail to duly observe or perform any obligation under this agreement or under any agreement entered into by it in connection with any loans or other borrowings (including any kind of hybrid borrowing like FCCB , optionally convertible preference shares or Debentures) availed of by the Issuer and the lender or investor concerned; or • Breach of any of the key covenants, as specified above, which are not remedied within such period of time, if any, as the Debenture Trustee (acting on the instructions of the Majority Debenture Holders) may allow. • Breach of any of the covenants (including any representation or warranty is held to be untrue, incomplete, incorrect or misleading in material ("material adverse changes") form contained in the Transaction Documents which are not remedied within 15 days from the date of such breach. • the Issuer entering into any material arrangement or composition with his/her/its/their creditors or committing any act of insolvency, or any act the consequence of which may lead to the insolvency or winding up of the Issuer; • execution or distress or other process being enforced or levied upon or against the whole or any part of the Issuer's property whether secured to the Investor or not; • any order being made or a Resolution being passed for the winding up of the Issuer (except for the purpose of amalgamation or reconstruction with the prior approval of the Investor); • a Receiver being appointed in respect of the whole or any part of the property of the Issuer; • the Issuer being adjudicated insolvent or taking advantage of any law for the relief of insolvent debtors; • the Issuer ceasing or threatening to cease to carry on business or giving or threatening to give notice of intention to do so; • Inability to pay debts, proceedings of winding up, or the Issuer's being declared or considered to be a sick company, or a relief undertaking or a protected company or a sick industrial company or a protected industrial company or otherwise, under any law, statute, rule, ordinance etc. which would have the effect of suspending or waiving all or any right against the Issuer or in respect of any contract or agreement concerning the Issuer, • The passing of any order of a court ordering, restraining or otherwise preventing the Issuer from conducting all or any material part of its business; or • The cessation of business by or the dissolution, winding-up, |



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| | <p>insolvency or liquidation of the Issuer.</p> <ul style="list-style-type: none"> • Events of default considered appropriate for the transaction of this nature including: <ol style="list-style-type: none"> 1. Breach of any of the covenants, representations and warranties. Cure period for (a) any breach of key covenants to be given at the sole discretion of the Investor, and (b) breach of any other covenants, representation and warranties to be cured within 30 days. 2. Failure to file a Form CHG 9 with the Registrar of Companies in form and substance required to perfect the Security within 30 days from the Date of Disbursement (or creation of security if creation is to happen later) 3. Security provided being invalid security or loss of lien on collateral 4. Unlawfulness or unenforceability of finance or security 5. Repudiation of any Transaction Document 6. Illegality for the Issuer to perform any of its obligations under the Transaction Document 7. The withdrawal, failure of renewal, or failure to obtain any statutory or regulatory approval in any relevant jurisdiction for the Debentures or any Security. 8. Representations or Warranties are found to be untrue or misleading when made or deemed to be made. 9. Cross default/ default with any other financial indebtedness of the Issuer. 10. The security cover falls below 1.33 times of the Outstanding principal amount and interest thereon, at any time during the currency of the Debentures and if the Issuer fails to reinstate to 1.33 times within 30 working days. <p>On the question whether any of the acts, matters, events or circumstances mentioned in sub-clauses (i) to (xi) and (xiii) above have happened, the opinion of the Trustee in concurrence with majority Debenture holders shall be final and conclusive and be binding on the Issuer.</p> |
| Role and Responsibilities of Trustees | <p>The Trustees shall perform its duties and obligations and exercise its rights and discretions, in keeping with the trust reposed in the Trustees by the holder(s) of the Debentures and shall further conduct itself, and comply with the provisions of all applicable laws. The Trustees shall carry out its duties and perform its functions as required to discharge its obligations under the terms of SEBI Debt Regulations, the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, the Debenture Trusteeship Agreement, Disclosure Document and all other related transaction documents, with due care, diligence and loyalty.</p> |
| Approvals | <p>The Issuer agrees to comply with all applicable rules and regulations in respect of the transaction. The Issuer will be responsible for taking all necessary authorization and / or approvals internal, external regulatory, statutory or otherwise</p> |
| Governing Law and Jurisdiction | <p>The Debentures are governed by and shall be construed in accordance with the existing laws of India. Any dispute arising thereof shall be subject to the jurisdiction of district courts of Mumbai, Maharashtra</p> |

For IKF FINANCE LTD.


Ch. Sreenivasa Rao
Company Secretary
M. No. 14723