

**April 13, 2018**

*Below is a Term sheet purely as an indication of interest and for discussion purposes only. This Term sheet is not intended to be, and does not constitute or give rise to any binding or non-binding commitment of any party whatsoever. No individual or entity will have any rights or obligations of any kind whatsoever relating to the transactions contemplated herein unless and until definitive agreements with respect thereto are executed and delivered. Nothing contained herein shall be construed to be an offer, agreement or decision to offer or acquire any instruments or control. The issuance of the Debentures (as defined hereinafter) is subject to the either party obtaining final approvals, or execution of Definitive Agreements.*

**Broad terms of the Issue**

<b>Name of the Instrument</b>	ICFL Series XXIV-Tranche C 9.1880%-2021
<b>Series</b>	Series XXIV – 2021- Tranche C
<b>Face Value</b>	INR 1 Crore per Debenture
<b>Issue Price</b>	At Par - INR 1 Crore per Debenture
<b>Redemption date</b>	19 <sup>th</sup> May 2021
<b>Allotment Quantity</b>	40
<b>Issue Size</b>	INR 40.00 Crs
<b>Security Cover</b>	1.00 time
<b>Value Date</b>	13 <sup>th</sup> April 2018
<b>Maturity</b>	19 <sup>th</sup> May 2021
<b>Tenor</b>	1132 days
<b>Security Name</b>	ICFL Series XXIV-Tranche C 9.1880%-2021
<b>Series</b>	Series XXIV – 2021- Tranche C
<b>Issuer/ Borrower/ Company</b>	IndoStar Capital Finance Limited
<b>Type of Instrument</b>	Rated, Listed, Secured, Non-Convertible Debenture (the "Debentures/ NCDs")
<b>Nature of Instrument</b>	Secured
<b>Seniority</b>	Senior (Pari-passu)
<b>Mode of Issuance</b>	Private Placement




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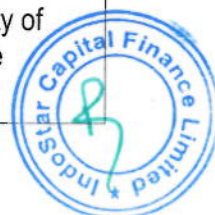
<b>Listing ( including name of Stock Exchange(s) where it will be listed and timeline for listing)</b>	Proposed to be listed on the Wholesale Debt Market Segment of BSE Limited within 20 days from the Deemed Date of Allotment. In case of delay in listing of the NCDs beyond 20 days from the Deemed Date of Allotment, the Company will pay penal interest of 1% p.a. over the Coupon Rate from the expiry of 30 days from the Deemed Date of Allotment till the listing of such NCDs to the Debenture Holder.
<b>Rating of the Instrument</b>	" AA-" by CARE Ltd
<b>Issue Size</b>	INR 40.00 Crore (Rupees Forty Crore Only)
<b>Minimum Subscription Amount</b>	INR 40.00 Crore (Rupees Forty Crore Only)
<b>Option to retain oversubscription (Amount )</b>	N.A.
<b>Objects of the Issue</b>	General Corporate Purposes
<b>Details of the utilization of the Proceeds</b>	The Debenture proceeds shall be used to augment the medium and long term resources of the Company and for onward lending except for Capital Market Exposure and Acquisition of Land.
<b>Coupon Rate</b>	9.1880% p.a.
<b>Step Up/Step Down Coupon Rate</b>	N.A.
<b>Coupon Amount</b>	Accrued Interest on the paid-up value of NCDs payable on Coupon Payment Date
<b>Coupon Payment Frequency</b>	Annually and Payable at Maturity
<b>Coupon Payment Dates</b>	13 <sup>th</sup> April 2019 13 <sup>th</sup> April 2020 13 <sup>th</sup> April 2021 19 <sup>th</sup> May 2021 (along with redemption)
<b>Coupon Type</b>	Fixed Rate
<b>Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc).</b>	N.A.
<b>Day Count Basis</b>	Actual/ Actual
<b>Interest on Application Money</b>	9.1880% p.a.
<b>Default Interest Rate</b>	2% p.a. over the Coupon Rate for the defaulting period
<b>Tenor</b>	1132 Days
<b>Redemption Date</b>	19 <sup>th</sup> May 2021
<b>Redemption Amount</b>	INR 1 Crore (Rupees One Crore Only) per Debenture aggregating to INR 40 Crore (Rupees Forty Crore Only).

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Redemption Premium /Discount	N.A.
Face Value	INR 1 Crore per Debenture
Issue Price	At Par - INR 1 Crore per Debenture
Discount at which security is issued and the effective yield as a result of such discount.	N.A.
Put Option Date	N.A.
Put Option Price	N.A.
Put Option Notice	N.A.
Call Option Date	N.A.
Call Option Price	N.A.
Call Option Notice	N.A.
Put Notification Time	N.A.
Call Notification Time	N.A.
Minimum Application and in multiples of 1 Debt securities thereafter	1 (One) Debenture
Issue Timing	
1. Issue Opening Date	13th April 2018
2. Issue Closing Date	13th April 2018
3. Pay-in Date	13th April 2018
4. Deemed Date of Allotment	13th April 2018
Issuance mode of the Instrument	Dematerialised only
Trading mode of the Instrument	Dematerialised only
Settlement mode of the Instrument	Cheque(s) / Direct Credit / Electronic Clearing Services / RTGS (Electronic mode) / Fund Transfer
Depository	NSDL & CDSL
Business Day Convention	Other than the Deemed Date of Allotment and Coupon Payment Date, should any of the other date(s) fall on a Saturday, Sunday and/or on a Public Holiday/s in the city of Mumbai and Delhi, the preceding Business Day shall be considered as the effective Business Day

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	Should the Deemed Date of Allotment or any Coupon Payment Date fall on a Saturday, Sunday and/or on a Public Holiday/s in the city of Mumbai and Delhi, the immediately succeeding Business Day shall be considered as the effective Business Day however the calculation of the of the said coupon payment would be as per the schedule originally stipulated at the time of issuing the security. Thus, the subsequent coupon schedule would not be disturbed.
<b>Record Date</b>	15 days prior to each Coupon Payment / Redemption Date
<b>Security (where applicable)</b>	To be created in favor of the Debenture Trustee, as follows:
(Including description, type of security, type of charge, likely date of creation of security, minimum security cover, revaluation, replacement of security).	<ul style="list-style-type: none"> <li>first pari-passu (with banks and financial institutions which provide credit facilities to the Issuer) charge on by way of hypothecation on the standard asset portfolio of receivables of the Issuer; and</li> <li>first pari-passu charge on immovable property situated at village Maharajpura of Kadi taluka, Mehsana district, Gujarat</li> </ul> <p>Security Cover: 1.00 times</p>
<b>Security Creation</b>	<p>The Issuer undertakes to create security within 3 months from the deemed date of allotment.</p> <p>Any delay in security creation would attract penal interest of 2% p.a. over and above the coupon rate for the delayed period till such conditions are complied with, at the option of the debenture holders.</p>
<b>Transaction Documents</b>	Debenture Trust Deed and/or any other documents as may be considered necessary by the Company, the Debenture Trustee and/or the Debenture Holders.
<b>Conditions Precedent to Disbursement</b>	As per Debenture Trust Deed
<b>Condition Subsequent to Disbursement</b>	As per Debenture Trust Deed
<b>Events of Default</b>	<p>Events of default as stated in the NCD Documentation, including but not limited to the following:</p> <ul style="list-style-type: none"> <li>Failure to pay amounts due under the Issue on the relevant due date by the Issuer;</li> <li>Insolvency, reorganization, liquidation, suspension of payment of debts, winding up, illegality, cessation of business by the Issuer;</li> </ul>


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	<ul style="list-style-type: none"> <li>• Cross default / acceleration under agreements (subject to relevant cure periods, if any, provided in the respective agreements) for indebtedness of the Issuer;</li> <li>• Illegality, cessation of business of the Issuer;</li> <li>• Security in jeopardy;</li> <li>• Bankruptcy, CDR proceedings filed with respect to the Issuer;</li> <li>• Breach of any of the terms of the Transaction Documents by the Issuer;</li> <li>• Breach of any covenants;</li> <li>• Breach of any Representations and Warranties;</li> <li>• Nationalization or expropriation of any of a substantial part of the assets of the Issuer;</li> <li>• Unlawfulness or moratorium;</li> </ul>
Consequences of Event of Default	<p>The consequences of default will, include but not be limited to the following:</p> <ul style="list-style-type: none"> <li>• Acceleration of all outstanding dues, cancellation of total Issue and enforcement of Security;</li> <li>• To transfer assets of the Issuer comprised within the Security created in favour of Debenture Trustee or such other person by way of lease, leave and license, sale or otherwise. Any surplus realized from the transfer of assets after fulfilment of all the obligations of the Issuer under the Issue shall be paid to the Issuer;</li> <li>• Enforce its right under the Transaction Documents;</li> <li>• Appropriate any amount in the Accounts and utilize it for payment/repayment of any amount outstanding under the Issue;</li> <li>• Charge Default Interest. It is clarified that the default interest shall be charged from the date of occurrence of event of default irrespective of the same being declared by the Investor(s) till such date the default subsists</li> <li>• Any cost incurred on any of the above shall be borne by Issuer</li> </ul>
Other Covenants	<ol style="list-style-type: none"> <li>1. Early redemption option, at the option of each NCD holder, in case: <ul style="list-style-type: none"> <li>• Long Term Rating of the Issuer gets downgraded to 'A' by any rating agency including rating withdrawal/</li> </ul> </li> </ol>



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	<p>suspension.</p> <ul style="list-style-type: none"><li>• Indostar Capital Mauritius reduces its holding in Issuer below 51%.</li></ul> <p>2. Gross NPA (NPA as defined under RBI guidelines in force at any time) to be maintained less than 5%;</p> <p>3. Minimum Capital Adequacy Ratio of 20% to be maintained</p> <p>In case the Early Redemption option is exercised by any of the Debenture Holders, The issuer will repay the amounts due within 45 business days.</p> <p>4. No requirement of obtaining NOC / prior consent for the proposed initial public offering of the Company.</p>
<b>Provisions related to Cross Default Clause</b>	<p>Any financial indebtedness of the Company is not paid when due and the applicable cure period has lapsed without the Company making payment of the overdue amount in full.</p>
<b>Role and Responsibilities of Debenture Trustee</b>	<p>To oversee and monitor the overall transaction for and on behalf of the Debenture Holders, as per the terms of the Transaction Documents</p>
<b>Governing Law and Jurisdiction</b>	<p>The Debenture Documents shall be governed by the laws of India. The Courts in Mumbai will have exclusive jurisdiction in relation to any dispute that may arise out of or in connection with any of the Debenture Documents.</p>
<b>Taxation</b>	<p>All the taxes as per law excluding Income tax, as and when applicable on the instrument from time to time shall be borne by the Company.</p>
<b>Validity of the Information Memorandum</b>	<p>This Information Memorandum is valid until the Issue Closing Date</p>



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Strictly private and confidential



**Illustration of Bond Cash Flows per Debenture for Series XXIV Tranche C**

Cash Flows	Date	No of Days in coupon period/Principal Period	Amount (in Rupees)
First Coupon	13-Apr-2019	365	9,18,800.00
Second Coupon	13-Apr-2020	366	9,18,800.00
Third Coupon	13-Apr-2021	365	9,18,800.00
Final Coupon	19-May-2021	36	90,621.37
Principal	19-May-2021		1,00,00,000.00

**Note:** The total interest payment on maturity would be rounded off to the nearest rupee

**Final Cash Flows for Series XXIV Tranche C**

Cash Flows	Date	No of Days in coupon period/Principal Period	Amount (in Rupees)
First Coupon	13-Apr-2019	365	3,67,52,000.00
Second Coupon	13-Apr-2020	366	3,67,52,000.00
Third Coupon	13-Apr-2021	365	3,67,52,000.00
Final Coupon	19-May-2021	36	36,24,855.00
Principal	19-May-2021		40,00,00,000.00

**For IndoStar Capital Finance Limited**

**Accepted  
For**

  
**Pankaj Thapar**  
Chief Financial Officer

**Authorized Signatory**





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