

PRODUCT NOTE – NCD

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ECL FINANCE LIMITED Public Issue Of Secured NCDs

Issue Highlights

Issue opens:	July 24, 2018
Issue closes:	August 16, 2018
Allotment:	First Come First Serve Basis
Face Value:	Rs. 1000 per NCD
Issue Price:	Rs.1000 per NCD
Nature of Instrument:	Secured NCDs
Minimum Application:	Rs.10,000 (10 NCD)
Listing:	BSE and NSE
Rating:	“CRISIL AA/Stable” and “[ICRA]AA (stable)”
Interest on Application Amount:	8%
Interest on Refund Amount:	5%

Registrar:	Link Intime India Pvt Limited
Issue Size:	Public Issue of 5,000,000 secured, redeemable non-convertible debentures of face value of ₹ 1,000 each, for an amount of ₹5,000 million (“Base Issue Size”) with an option to retain oversubscription up to ₹15,000 million aggregating up to 20,000,000 NCDs amounting to ₹ 20,000 million (“Tranche I Issue Limit”)
Cheque in Favor of:	“ECL NCD Public Issue – Escrow Account”

Issue Break up:

Category	Allocation	Amount in Crs.	
		Base Issue	Total Issue
QIB	20%	100	400
Corporate	20%	100	400
HNI	30%	150	600
Retail	30%	150	600
Total	100%	500	2000

* Persons resident outside India and other foreign entities are not allowed

Yield (p.a.):

Series	I	II	III	IV	V	VI	VII	VIII
Frequency of Interest Payment	Cumulative	Annual	Monthly	Cumulative	Annual	Monthly	Annual	Annual
Tenor	3 years	3 years	5 years	5 years	5 years	10 years	10 years	3 years
Coupon (% per annum) for NCD Holders in Category I, II, III & IV	NA	9.45%	9.25%	N/A	9.65%	9.43%	9.85%	Benchmark MIBOR + spread of 2.50%*
Effective Yield (per annum) for NCD Holders in Category I, II, III and IV	9.45%	9.45%	9.65%	9.65%	9.65%	9.85%	9.85%	Benchmark MIBOR + spread of 2.50%*

Issuer Overview

ECL Finance Limited; one of the leading systemically important non-deposit taking NBFCs, focused on offering a broad suite of secured corporate loan products, retail loan products which are customised to suit the needs of the corporates, SMEs and individuals. The corporate and retail loan products include:

Structured Collateralised Credit: The structured collateralised credit loans constituted 25.15% of its total loan book as at March 31, 2018. Structured collateralised credit loans are offered mostly to corporates against collateral such as liquid market securities, pledge of other securities, pledge of shares by promoters, immovable property, etc. The loans include bridge financing or other short term loans to corporates. The funds raised are utilised for the working capital requirement of the corporates, expansion and diversification of business among other uses. The tenure of the loans is generally up to two years.

Wholesale Mortgages: This includes various structured financing solutions for finance to developers for real estate projects under construction, which constituted 35.46 % of the Company's total loan book as at March 31, 2018.

SMEs and others: This includes credit facilities and short term loans to SMEs for meeting their business requirements, which constituted 7.70 % of the Company's total loan book as at March 31, 2018.

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Loans against securities: This includes loans to investors against their existing portfolio of investments, which constituted 21.00 % of the Company's total loan book as at March 31, 2018.

Retail Mortgages - Loans against Property: This includes loans offered to self-employed individuals for business purposes against a mortgage of residential or commercial property, which constituted 6.67 % of the Company's total loan book as March 31, 2018.

Agri Credit: As a part of agricultural value chain services, it extends short term finance (usually for a period of three to nine months) against agri commodities inventory stored in warehouses managed by the sister concerns of the Company, which constituted 4.02 % of the Company's total loan book as at March 31, 2018.

COMMON TERMS FOR ALL SERIES OF THE NCDs

Issuer	ECL Finance Limited
Issue	Public Issue of secured, redeemable non-convertible debentures of face value of Rs.1000 each, for an amount of Rs. 20,000 million ("Shelf Limit") in accordance with the terms and conditions set out in the Shelf Prospectus and separate Tranche prospectus for each such tranche issue which should be read together with the Shelf Prospectus of the Issue.
Type of Instrument	Secured Redeemable Non-Convertible Debentures
Mode of Issue	Public Issue
Minimum Application Size	₹ 10,000 (10 NCDs) and in multiples of ₹ 1,000 (1 NCD) thereafter
Credit Rating / Rating of the Instrument	The NCDs proposed to be issued under this Issue have been rated 'CRISIL AA/Stable' (pronounced as CRISIL Double A rating with Stable outlook) and, '[ICRA]AA (stable)' (pronounced as ICRA double A with Stable outlook).
Put/Call Option	N.A.
Mode of Allotment and Trading	Demat only*
Deemed Date of Allotment	The date on which the Board of Directors/ Debentures Committee thereof approves the Allotment of the NCDs for each Tranche Issue or such date as may be determined by the Board of Directors/ Debentures Committee and notified to the Designated Stock Exchange. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs (as specified in this Tranche I Prospectus) shall be available to the Debenture holders from the Deemed Date of Allotment.
Interest on Application Amount	<p>The Company shall pay to the successful Applicants, other than to ASBA Applicants, interest at 8% on the Application Amount allotted, from the date of realization of the Application Amount through cheque(s)/demand draft(s)/ any other mode up to 1 (one) day prior to the Deemed Date of Allotment, subject to deductions under the provisions of the Income Tax Act or any other statutory modification or re-enactment thereof, as applicable. In the event that such date of realization of the cheque(s)/ demand draft(s) is not ascertainable in terms of banking records, we shall pay interest on Application Amounts on the amount Allotted from three Working Days from the date of upload of each Application on the electronic Application platform of the BSE and NSE upto one day prior to the Deemed Date of Allotment.</p> <p>The Company may enter into an arrangement with one or more banks in one or more cities for direct credit of interest to the account of the Applicants.</p> <p>TDS on Interest on Application Amount</p> <p>Interest in Application Amount is subject to deduction of income tax under the provisions of the Income Tax Act or any other statutory modification or re-enactment thereof, as applicable. Tax exemption certificate/ declaration of non- deduction of tax at source in interest on Application Amount, if any, should be submitted along with the Application Form.</p>
Interest on application amounts received which are liable to be refunded:	The Company shall pay interest on application amount, on all valid applications, which is liable to be refunded to the Applicants (other than Application Amounts received after the Tranche I Issue Closing Date, and ASBA Applicants), pursuant to the Tranche I Issue at the rate of 5%, subject to deduction of income tax under the provisions of the Income Tax Act, 1961, as amended, as applicable, to Applicants whose valid applications receive (i) partial allotment

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	due to oversubscription or (ii) no allotment due to oversubscription pursuant to this Tranche I Issue from the date of realization of the cheque(s)/demand draft(s) upto one day prior to the Deemed Date of Allotment at the rate as specified in the relevant Tranche Prospectus. In the event that such date of realization of the cheque(s)/ demand draft(s) is not ascertainable in terms of banking records, we shall pay interest on Application Amounts on the amount Allotted from three Working Days from the date of upload of each Application on the electronic Application platform of the BSE and NSE upto one day prior to the Deemed Date of Allotment, at the rate as specified in the relevant Tranche Prospectus. Such interest shall be paid along with the monies liable to be refunded. Interest warrant will be dispatched / credited (in case of electronic payment) along with the Letter(s) of Allotment/ Letter(s) of Refund at the sole risk of the Applicant, to the sole/first Applicant.
Issue Opening Date	24-July-2018
Issue Closing Date**	16-Aug-2018
Record Date	15 (fifteen) days prior to the relevant interest payment date, relevant Redemption Date for NCDs issued under this Tranche I Prospectus. In case of redemption of NCDs, the trading in the NCDs shall remain suspended between the record date and the date of redemption. In event the Record Date falls on a Sunday or holiday of Depositories, the succeeding working day or a date notified by the Company to the stock exchanges shall be considered as Record Date.

* In terms of Regulation 4(2)(d) of the SEBI Debt Regulations, our Company will undertake this public issue of the NCDs in dematerialised form. However, in terms of section 8(1) of the Depositories Act, our Company, at the request of the Investors who wish to hold the NCDs in physical form, will rematerialise the NCDs. However, any trading in NCDs shall be compulsorily in dematerialized form only.

***The Tranche I Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. (Indian Standard Time) during the period indicated above, except that the Tranche I Issue may close on such earlier date or extended date as may be decided by the Board of Directors of our Company or duly constituted committee ("Debentures Committee") thereof, subject to necessary approvals. In the event of an early closure or extension of the Tranche I Issue, our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in a daily national newspaper with wide circulation on or before such earlier or initial date of Tranche I Issue closure. On the Tranche I Issue Closing Date, the Application Forms for Tranche I Issue will be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) and uploaded until 5 p.m. or such extended time as may be permitted by the Stock Exchanges.

SPECIFIC TERMS AND CONDITIONS IN CONNECTION WITH EACH SERIES OF NCDs

Series	I	II	III	IV	V	VI	VII	VIII
Frequency of Interest Payment	Cumulative	Annual	Monthly	Cumulative	Annual	Monthly	Annual	Annual
Tenor	3 years	3 years	5 years	5 years	5 years	10 years	10 years	3 years
Minimum Application	₹ 10,000/- (10 NCDs) across all Series							
In multiples of thereafter	₹ 1,000 (1 NCD)							
Face Value / Issue Price (₹ / NCD)	₹ 1,000 (1 NCD)							
Mode of Interest Payment	Through various options available							
Coupon (% per annum) for NCD Holders in Category I, II, III & Category IV	NA	9.45%	9.25%	N/A	9.65%	9.43%	9.85%	Benchmark MIBOR + spread of 2.50%*
Effective Yield (per annum) for NCD Holders in Category I, II, III and Category IV	9.45%	9.45%	9.65%	9.65%	9.65%	9.85%	9.85%	Benchmark MIBOR + spread of 2.50%*
Amount (₹ / NCD) on Maturity for NCD Holders in Category I, II, III & Category IV	₹1,311.30/-	₹ 1,000/-	₹ 1,000/-	₹ 1,585.30/-	₹ 1,000/-	₹ 1,000/-	₹ 1,000/-	₹ 1,000/-
Maturity / Redemption Date (Years from the Deemed Date of Allotment)	3 years	3 years	5 years	5 years	5 years	10 years	10 years	3 years
Put and Call Option	NA	NA	NA	NA	NA	NA	NA	NA

The Company shall allocate and allot Series II NCDs wherein the Applicants have not indicated their choice of the relevant NCD Series

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DISTRIBUTION

WHO CAN APPLY

Categories	Category I	Category II	Category III	Category IV
	QIB Portion	Corporate Portion	HNI	Retail
Allocation Ratio	[20]% of Overall Issue Size	[20]% of Overall Issue Size	[30]% of Overall Issue Size	[30]% of Overall Issue Size
	<ul style="list-style-type: none"> Public financial institutions scheduled commercial banks, Indian multilateral and bilateral development financial institution which are authorized to invest in the NCDs; Provident funds, pension funds with a minimum corpus of ₹2,500 lakh, superannuation funds and gratuity funds, which are authorized to invest in the NCDs; Mutual Funds registered with SEBI; Venture Capital Funds/ Alternative Investment Fund registered with SEBI; Insurance Companies registered with IRDA; State industrial development corporations; Insurance funds set up and managed by the army, navy, or air force of the Union of India; Insurance funds set up and managed by the Department of Posts, the Union of India; Systemically Important Non-Banking Financial Company, a nonbanking financial company registered with the Reserve Bank of India and having a net worth of more than ₹50,000 lakh as per the last audited financial statements; and National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India. 	<ul style="list-style-type: none"> Companies within the meaning of section 2(20) of the Companies Act, 2013; Statutory bodies/ corporations and societies registered under the applicable laws in India and authorised to invest in the NCDs; Co-operative banks and regional rural banks; Public/private charitable/ religious trusts which are authorised to invest in the NCDs; Scientific and/or industrial research organisations, which are authorised to invest in the NCDs; Partnership firms in the name of the partners; Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009); Association of Persons; and Any other incorporated and/ or unincorporated body of persons. 	High Net-worth individuals which include Resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating to above ₹ 10 lacs across all series of NCDs in Tranche I Issue	Retail Individual Investors which include Resident Indian individuals and Hindu Undivided Families through the Karta applying for an amount aggregating up to and including ₹ 10 lacs across all series of NCDs in Tranche I Issue

Application forms will be available on www.edelweisspartners.com

Edelweiss – Financial Products Distribution Branch Location for submission of application Forms

West	Mumbai – Fort, Borivali, Santacruz, Ghatkopar and Pune
Gujarat	Ahmedabad & Surat
North	Delhi (CP) & Jaipur
South	Hyderabad & Bangalore
East	Kolkata

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