

SECTION III – ISSUE RELATED INFORMATION

ISSUE STRUCTURE

The following are the key terms of the NCDs. This section should be read in conjunction with and is qualified in its entirety by more detailed information in “*Terms of the Issue*” beginning on page 150.

The NCDs being offered as part of this Tranche I Issue are subject to the provisions of the SEBI NCS Regulations, the Listing Agreement, SEBI Listing Regulations, and the Companies Act, 2013, the RBI Act, the terms of the Draft Shelf Prospectus, the Shelf Prospectus and this Tranche I Prospectus, the Application Form, the terms and conditions of the Debenture Trustee Agreement and the Debenture Trust Deed, and other applicable statutory and/or regulatory requirements including those issued from time to time by SEBI, RBI, the Government of India, and other statutory/regulatory authorities relating to the offer, issue and listing of NCDs and any other documents that may be executed in connection with the NCDs.

The key common terms and conditions of the NCDs / term sheet are as follows:

Issuer	IIFL Finance Limited
Type of instrument	Secured, Rated, Listed, Redeemable, Non-Convertible Debentures
Nature of the Instrument	Secured, Rated, Listed, Redeemable, Non-Convertible Debentures
Mode of the Issue	Public Issue
Mode of Allotment	In dematerialised form
Mode of Trading	NCDs will be traded in dematerialised form
Lead Managers	Trust Investment Advisors Private Limited, Nuvama Wealth Management Limited and IIFL Capital Services Limited (formerly known as IIFL Securities Limited)* * IIFL Capital Services Limited (formerly known as IIFL Securities Limited) is deemed to be an associate of the Issuer as per the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended (Merchant Bankers Regulations). Further, in compliance with the provisions of Regulation 21A and explanation to Regulation 21A of the Merchant Bankers Regulations, IIFL Capital Services Limited (formerly known as IIFL Securities Limited) would be involved only in marketing of this Tranche I Issue and as per Regulation 25 (3) of SEBI NCS Regulations shall not issue a due diligence certificate.
Debenture Trustee	Vardhman Trusteeship Private Limited
Depositories	NSDL and CDSL
Registrar to the Issue	MUFG Intime India Private Limited (Formerly known as Link Intime India Private Limited)
Issue	Public Issue by the Company of up to 2,50,00,000 secured, rated, listed, redeemable, Non-convertible Debentures of face value ₹ 1,000 each (“NCDs” or “Debentures”), aggregating up to ₹ 2,500 crore (“Shelf Limit”) (“Issue”). The NCDs will be issued in one or more tranches (each being a “Tranche Issue”) up to the Shelf Limit, on terms and conditions as set out in the Draft Shelf Prospectus, the Shelf Prospectus and relevant Tranche Prospectus. The Issue is being made pursuant to the provisions of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended (the “SEBI NCS Regulations”), the Companies Act, 2013 and rules made thereunder as amended (the “Companies Act, 2013”) to the extent notified and the SEBI Master Circular, as amended from time to time.
Tranche I Issue	Public Issue by the Company of up to 50,00,000 secured, rated, listed, redeemable, Non-Convertible Debentures of face value ₹ 1,000 each (“NCDs” or “Debentures”), amounting up to ₹ 100 crore (“Base Issue Size”) with an option to retain oversubscription of up to ₹ 400 crore (“Green Shoe Option”) aggregating up to ₹ 500 crore
Minimum Subscription	Minimum subscription is 75% of the Base Issue Size of this Tranche I Issue
Seniority	Senior
Tranche I Issue Size	₹ 500 crore
Base Issue Size	₹ 100 crore
Option to Retain Oversubscription / Green shoe option (Amount)	₹ 400 crore
Eligible Investors	Please see “Issue Procedure –Who can apply?” on page 172.

Objects of the Issue / Purpose for which there is requirement of funds	Please see “ <i>Object of the Tranche I Issue</i> ” on page 34.
Details of Utilization of the Proceeds	Please see “ <i>Objects of the Tranche I Issue</i> ” on page 34.
Coupon rate	Please see “ <i>Issue Structure</i> ” on page 127
Coupon Payment Date	Please see “ <i>Issue Structure</i> ” on page 127
Coupon Type	Fixed
Coupon reset process	Not applicable
Interest Rate on each category of investor	Please see “ <i>Issue Structure</i> ” on page 127
Step up/ Step Down Coupon rates	Not Applicable
Coupon payment frequency	Please see “ <i>Issue Structure</i> ” on page 127
Day count basis	Actual / Actual
Interest on application money	Not Applicable
Default Interest rate	<p>Our Company shall pay interest, over and above the agreed coupon rate, in connection with any delay in allotment, refunds, listing, dematerialized credit, execution of Debenture Trust Deed, payment of interest, redemption of principal amount beyond the time limits prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated/ prescribed under applicable laws.</p> <p>Our Company shall pay at least 2% (two percent) per annum to the debenture holder, over and above the agreed coupon rate, till the execution of the trust deed if our Company fails to execute the trust deed within such period as prescribed under applicable law.</p>
Tenor	Please see “ <i>Issue Structure</i> ” on page 127
Redemption Date	Please see “ <i>Issue Structure</i> ” on page 127
Redemption Amount	Please see “ <i>Issue Structure</i> ” on page 127
Redemption Premium/ Discount	Not Applicable
Face Value	₹ 1,000 per NCD
Issue Price	₹ 1,000 per NCD
Discount at which security is issued and the effective yield as a result of such discount	Not Applicable
Premium/Discount at which security is redeemed and effective yield as a result of such premium/discount	Not Applicable
Transaction Documents	Transaction documents shall mean the Draft Shelf Prospectus, the Shelf Prospectus, this Tranche I Prospectus, Abridged Prospectus read with any notices, corrigenda, addenda thereto, the Debenture Trust Deed, the Deed of Hypothecation and other documents, if applicable, the letters issued by the Rating Agency, the Debenture Trustee and/or the Registrar; and various other documents/ agreements/ undertakings, entered or to be entered by our Company with Lead Managers and/or other intermediaries for the purpose of the Issue including but not limited to the Issue Agreement, the Debenture Trustee Agreement, the Tripartite Agreements, the Public Issue Account and Sponsor Bank Agreement, the Registrar Agreement and the Consortium Agreement, and any other document that may be designated as a Transaction Document by the Debenture Trustee. For further details please see the section titled, “ <i>Material Contracts and Documents for Inspection</i> ” on page 206.
Put option date	Not Applicable
Put option price	Not Applicable
Call option date	Not Applicable
Call option price	Not Applicable
Put notification time	Not Applicable
Call notification time	Not Applicable
Minimum Application size and	₹ 10,000 (10 NCD) and in multiple of ₹ 1,000 (1 NCD) thereafter.

in multiples of NCD thereafter	
Market Lot / Trading Lot	One (1) NCD
Pay-in date	Application Date. The entire Application Amount is payable on Application.
Credit Ratings / Rating of the instrument	The NCDs proposed to be issued under the Issue have been rated “Crisil AA/Stable (pronounced as Crisil double A rating with Stable outlook)” for an amount of ₹ 3,500 crore by Crisil vide their rating rationale dated September 30, 2024 and February 11, 2025 read with rating letter dated September 30, 2024 and revalidation letter dated October 25, 2024, rating letter dated February 12, 2025 and revalidation letter dated March 10, 2025 and “[ICRA] AA (Stable)” for an amount of ₹ 5,000 crore by ICRA vide their rating rationale dated September 25, 2024 read with rating letter dated September 24, 2024 and revalidation letters dated October 29, 2024 and March 05, 2025. Securities with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such securities carry very low credit risk. Ratings given by CRISIL and ICRA are valid as on the date of this Tranche I Prospectus and shall remain valid on date of issue and allotment of NCDs and the listing of the NCDs on Stock Exchanges unless withdrawn. In case of any change in credit ratings till the listing of NCDs, our Company will inform the investors through public notices/ advertisements in all those newspapers or electronic modes such as online newspapers or website of the issuer or the stock exchanges in which pre issue advertisement has been given. The rating is not a recommendation to buy, sell or hold the rated instrument and investors should take their own decisions. The rating may be subject to revision or withdrawal at any time by the assigning rating agency and each rating should be evaluated independently of any other rating. The rating agencies have a right to suspend or withdraw the rating at any time on the basis of factors such as new information. For the rating letter, rationale and press release for these ratings, see “ Annexure A ” of this Tranche I Prospectus. There are no unaccepted ratings and any other ratings other than as specified in the Shelf Prospectus and this Tranche I Prospectus.
Stock Exchange/s proposed for listing of the NCDs	BSE Limited and National Stock Exchange of India Limited NSE has been appointed as the Designated Stock Exchange.
Listing and timeline for listing	The NCDs are proposed to be listed on NSE and BSE. The NCDs shall be listed within six Working Days. NSE has been appointed as the Designated Stock Exchange. For more information see “ <i>Other Regulatory and Statutory Disclosures</i> ” on page 52.
Modes of payment	Please see “ <i>Issue Structure – Terms of Payment</i> ” on page 133.
Tranche I Issue Opening Date	Monday, April 7, 2025
Tranche I Issue Closing Date**	Wednesday, April 23, 2025
Date of earliest closing of the issue, if any	Not Applicable
Record date	The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 15 days prior to the date on which interest is due and payable, and/or the date of redemption or such other date under this Tranche I Prospectus as may be determined by the Company. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchanges, as the case may be. In case Record Date falls on a day when Stock Exchanges are having a trading holiday, the immediate subsequent trading day or a date notified by our Company to the Stock Exchanges will be deemed as the Record Date.
Settlement mode of instrument	Please see “ <i>Terms of Issue – Payment on Redemption</i> ” on page 165
Disclosure of interest/ Dividend/redemption dates	Please see “ <i>Terms of Issue – Payment on Redemption</i> ” on page 165
All covenants of the Issue (including side letters, accelerated payment clause, etc.)	Our Company shall comply with the representations and warranties, general covenants, negative covenants and reporting covenants as indicated in “- <i>Covenants of this Tranche I Issue</i> ” on page 134 and set out in the Debenture Trust Deed.
Tranche I Issue Schedule**	Tranche I Issue Opening Date – Monday, April 7, 2025

	Tranche I Issue Closing Date - Wednesday, April 23, 2025
Description regarding security (where applicable) including type of security (movable/ immovable/ tangible etc.) type of charge (pledge/ hypothecation/ mortgage etc.), date of creation of security/ likely date of creation of security, minimum security cover, revaluation, replacement of security, interest of the debenture holder over and above the coupon rate as specified in the Debenture Trust Deed and disclosed in this Tranche I Prospectus	<p>The principal amount of the NCDs to be issued in terms of the Shelf Prospectus and this Tranche I Prospectus together with all interest due and payable on the NCDs, shall be secured by way of first ranking <i>pari passu</i> charge by way of hypothecation over the receivables of the Company, both present and future, book debts, loans and advances and current assets of the Company that are in existence as on the date hereof and that shall come into existence at any time and from time to time hereafter (except those assets of the Company which are exclusively charged in favour of existing charge holders as of date and details of which are disclosed to the Debenture Trustee) such that a security cover of at least 100% of the outstanding principal amounts and interest thereon in respect of the Debentures is maintained at all times until the Maturity Date, created in favor of the Debenture Trustee, as specifically set out in and fully described in the Debenture Trust Deed and this Tranche I Prospectus.</p> <p>Without prejudice to the aforesaid, in the event our Company fails to execute the Debenture Trust Deed within the period specified in Regulation 18(1) of the SEBI NCS Regulations or such other time frame as may be stipulated from time-to-time, our Company shall also pay interest of at least 2% (two per cent) per annum to the NCD holders, over and above the interest rate on the NCDs specified in this Tranche I Prospectus, till the execution of the Debenture Trust Deed.</p> <p>The security shall be created prior to making the listing application for the NCDs with the Stock Exchanges. For further details on date of creation of security/ likely date of creation of security minimum security cover etc., please see “<i>Terms of the Issue – Security</i>” on page 150.</p>
Security Cover	Our Company shall maintain a minimum 1x security cover on the outstanding balance of the NCDs plus accrued interest thereon.
Replacement of Security interest of the debenture holder over and above the coupon rate as specified in the Debenture Trust Deed and disclosed in this Tranche I Prospectus	Not Applicable
Condition precedent to the Tranche I Issue	<p>The following are the conditions precedent which our Company shall fulfil prior to the Deemed Date of Allotment to the satisfaction of the Debenture Trustee:</p> <ol style="list-style-type: none"> 1. Certified true copies of the constitutional documents of the Company; 2. Resolutions of the Board of Directors and the Finance Committee Committee authorizing, <i>inter alia</i>, the Issue and the terms of the Issue; 3. Special resolutions under Section 180(1)(a) and 180(1)(c) of the Companies Act, 2013; 4. Credit rating letters from the Credit Rating Agency; 5. In-principle approval letters from the Stock Exchanges; 6. Execution of Transaction Documents; 7. Consent letters from the Debenture Trustee and the Registrar; 8. Receipt of the ISIN from the Depositories for the issuance of the NCDs; and 9. Such other information and documents as the Debenture Holders/ Debenture Trustee may reasonably request, or as may be required under applicable law. <p>The description above is indicative and a complete list of conditions precedent will be specified in the Debenture Trust Deed.</p>
Condition subsequent to the Tranche I Issue	<p>The following are the conditions subsequent which our Company shall fulfil on or after the Deemed Date of Allotment to the satisfaction of the Debenture Trustee:</p> <ol style="list-style-type: none"> 1. Evidence of payment of stamp duty in connection with the issuance of NCDs; 2. Filing of form CHG-9 with the Registrar of Companies in accordance with the Companies Act, 2013 and other filings in relation to the perfection of the security; 3. Evidence of corporate actions for approving and allotting the NCDs; 4. Credit of the relevant NCDs in the specified dematerialised account(s) of the

	<p>investors;</p> <ol style="list-style-type: none"> Evidence of listing of the NCDs on the Stock Exchanges; Filing of a return of allotment on the issue of the NCDs in Form PAS-3 pursuant to the Companies (Prospectus and Allotment of Securities) Rules, 2014 with the Registrar of Companies; and Certificate from the statutory auditor confirming the complete utilisation of the Tranche I Issue proceeds. <p>The description above is indicative and a complete list of conditions subsequent will be specified in the Debenture Trust Deed.</p>
Events of default (including manner of voting/conditions of joining Inter Creditor Agreement)	Please see “ <i>Terms of the Issue – Events of Default</i> ” on page 152.
Creation of recovery expense fund	Our Company has created a recovery expense fund and has transferred the required amount towards recovery expense fund in the manner as specified by SEBI Debenture Trustee Master Circular as amended from time to time and Regulation 11 of the SEBI NCS Regulations with the Designated Stock Exchange and informed the Debenture Trustee regarding transfer of amount toward such fund.
Settlement Guarantee Fund	Our Company will deposit amounts in the settlement guarantee fund, as applicable, in the manner as specified in the SEBI NCS Master Circular. This fund has been created under the SEBI NCS Master Circular to ensure upfront collection of charges from eligible issuers at the time of allotment of debt securities.
Conditions for breach of covenants (as specified in Debenture Trust Deed)	<p>Upon occurrence of any default in the performance or observance of any term, covenant, condition or provision contained in the Shelf Prospectus and this Tranche I Prospectus and the Debenture Trust Deed and, except where the Debenture Trustee certifies that such default is in its opinion incapable of remedy within the cure period, as set out in the Debenture Trust Deed (in which case no notice shall be required), it shall constitute an event of default.</p> <p>The Debenture Trustee may, at any time, waive, on such terms and conditions as to it shall seem expedient, any breach by the Company of any of the covenants and provisions in these presents contained without prejudice to the rights of the Debenture Trustee in respect of any subsequent breach thereof.</p> <p>Please see “<i>Terms of the Issue - Events of default</i>” on page 152.</p>
Deemed date of Allotment	The date on which our Board of Directors or the Finance Committee approves the Allotment of the NCDs for the Tranche I Issue or such date as may be determined by the Board of Directors/ or the Finance Committee thereof and notified to the Stock Exchanges. 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 shall be available to the Debenture holders from the deemed date of allotment.
Roles and responsibilities of the Debenture Trustee	As per SEBI (Debenture Trustee) Regulations, 1993, SEBI (Issue and Listing of Non-Convertible Securities) Regulation, 2021, Companies Act, the Listing Agreement, and the Debenture Trust Deed, each as amended from time to time. Please see “ <i>Terms of the Issue - Trustees for the NCD Holders</i> ” on page 152.
Risk factors pertaining to the Issue	Please see section titled “ <i>Risk Factors</i> ” on page 23 of the Shelf Prospectus.
Provisions related to Cross Default Clause	As per the Debenture Trust Deed to be executed in accordance with applicable law.
Governing law and Jurisdiction	The governing law and jurisdiction for the purpose of the Tranche I Issue shall be Indian law, and the competent courts of jurisdiction in Mumbai, India, respectively.
Working day convention / Day count convention / Effect of holidays on payment	<p>Working Day means all days on which commercial banks in Mumbai are open for business. If the date of payment of interest does not fall on a Working Day, then the interest payment will be made on succeeding Working Day (the “Effective Date”), however the dates of the future interest payments would continue to be as per the originally stipulated schedule.</p> <p>Payment of interest will be subject to the deduction of tax as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force. In case</p>

	the Maturity Date (also being the last Interest Payment Date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon/interest accrued on the NCDs until but excluding the date of such payment.
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Notes:

- * In terms of Regulation 7 of the SEBI NCS Regulations, our Company will undertake this public issue of the NCDs in dematerialised form. Trading in NCDs shall be compulsorily in dematerialized form.
- ** The Tranche I Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) during the period as indicated in this Tranche I Prospectus. Our Company may, in consultation with the Lead Managers, consider closing the Tranche I Issue on such earlier date or extended date (subject to a minimum period of two working days and a maximum period of ten working days from the date of opening of this Tranche I Issue and subject to not exceeding thirty days from filing this Tranche I Prospectus with ROC including any extensions), as may be decided by the Board of Directors of our Company or Finance Committee thereof, subject to relevant approvals, in accordance with Regulation 33A of the SEBI NCS Regulations. 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 all the newspapers or electronic modes such as online newspapers or website of the issuer or the stock exchange in which pre-issue advertisement for opening of the Tranche I Issue has been given on or before such earlier or initial date of Tranche I Issue closure. On the Tranche I Issue Closing Date, the Application Forms will be accepted only between 10:00 a.m. and 3:00 p.m. (Indian Standard Time) and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchange. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5:00 p.m. (Indian Standard Time), on one Working Day post the Tranche I Issue Closing Date or such extended time as may be permitted by the Stock Exchange. For further details please see "General Information" on page 22.
- * For the list of documents executed/ to be executed, please see "Material Contracts and Documents for Inspection" on page 206.

If there is any change in coupon rate pursuant to any event including elapse of certain time period or downgrade in rating, then such new coupon rate and events which lead to such change will be disclosed to the Stock Exchanges.

While the NCDs are secured to the tune of 100% of the principal and interest thereon in favour of Debenture Trustee, it is the duty of the Debenture Trustee to monitor the security cover is maintained, however, the recovery of 100% of the amount shall depend on the market scenario prevalent at the time of enforcement of the security.

Debt securities shall be considered as secured only if the charged asset is registered with Sub-registrar and Registrar of Companies or CERSAI or Depository etc., as applicable, or is independently verifiable by the debenture trustee.

Specific terms for NCDs

Series	I	II	III	IV	V	VI*	VII	VIII	IX
Frequency of Interest Payment	Annual	Cumulative	Annual	Cumulative	Monthly	Annual	Cumulative	Monthly	Annual
Minimum Application	10,000 (10 NCDs) across all series								
Face Value/ Issue Price of NCDs (₹/ NCD)	1,000								
In Multiples of thereafter (₹)	₹ 1,000 (1 NCD)								
Type of instrument	Secured, Redeemable, Non-Convertible Debentures								
Tenor (in months)	15	15	24	24	36	36	36	60	60
Coupon (% per annum) for NCD Holders in Category I, II, III & IV	9.00%	NA	9.30%	NA	9.35%	9.75%	NA	9.60%	10.25%
Effective Yield (per annum) for NCD Holders in Category I, II, III & IV	9.06%	9.00%	9.30%	9.30%	9.76%	9.74%	9.75%	10.03%	10.24%
Mode of Interest Payment	Through various modes								
Amount (₹ / NCD) on Maturity for NCD Holders in Category I, II, III & IV	1,000	1,113.67	1,000	1,194.65	1,000	1,000	1,322.28	1,000	1,000
Maturity / Redemption Date (Months from the Deemed Date of Allotment)	15	15	24	24	36	36	36	60	60
Nature of indebtedness	Secured								
Put and Call Option	Not Applicable								