

**TERM SHEET: ISSUE DETAILS**

Security Name	8.35% National Insurance Company Limited 2027
Issuer	National Insurance Company Limited
Type, Nature and Seniority of Instrument	Unsecured, subordinated, fully paid-up, listed, redeemable and non-convertible debentures (NCD)
Mode of Issue	Private Placement
Issue Series	I/NIC/NCD/2016-17
Issue Size	Upto Rs. 895 crore
Option to Retain Oversubscription	None
Face Value	Rs.10,00,000 per debenture
Issue Price	At par
Minimum Application	10 Debentures and in multiple of 1 Debenture thereafter
Tenor	10 years
Redemption Date	10 years from the Deemed Date of Allotment
Redemption Premium / Discount	Nil (Redeemed at par i.e. Rs.10,00,000)
Redemption Amount	Rs.10,00,000 per debenture
Coupon Rate	8.35% per annum
Step Up / Step Down Coupon Rate	Not applicable
Put/Call Option	Call Option: At the end of five years from the deemed date of allotment. Such call option may be exercised by the Issuer with the prior approval of IRDAI and in accordance with the IRDAI Regulations. Put Option: None
Call Option Date	Five years from the Deemed Date of Allotment
Call Option Price	Rs.10,00,000 per Debenture
Put Option Date	Not applicable
Put Option Price	Not applicable
Put Notification Time	Not applicable
Call Notification Time	In the event that the Issuer is desirous of exercising the Call Option, the Issuer shall provide notice to the Debenture Holders (with a copy marked to the Debenture Trustee) in relation to exercise of the Call Option at least 15 (Fifteen) calendar days prior to the relevant Call Option Date. Upon issuance of the notice, the Issuer shall compulsorily redeem the Debentures identified in

	the notice on the relevant Call Option Date along with accrued interest, if any.
Coupon Payment Frequency	Annual and on maturity
Coupon Payment Dates	Refer "Indicative Cash flow Schedule "
Coupon Type	Fixed
Coupon Reset Process	None
Day Count Basis	Actual/Actual
Interest Payment Clause	<p>As per IRDAI Regulations, payment of interest on the coupon payment dates shall be governed by the following conditions:</p> <ul style="list-style-type: none"> <li>• Where the impact of payment of interest may result in net loss or increase the net loss of the Issuer, prior approval of IRDAI shall be required for payment of interest.</li> <li>• In case the solvency of the Issuer has fallen below the minimum regulatory requirements prescribed by IRDAI or any interest payment would result in its solvency falling below or remaining below the minimum regulatory requirement specified by IRDAI, the issuer shall not be liable to pay interest for that financial year.</li> <li>• The interest due for a particular year shall not be cumulative i.e. interest missed in a year will not be paid in future years. However, any interest due and remaining unpaid may be paid in the subsequent financial years subject to the Issuer being in compliance with Regulation 3(vii) of the IRDAI Regulations.</li> <li>• Any unpaid interest being paid on a future date shall be compounded at the coupon rate.</li> </ul> <p><b>Note:</b> IRDAI has given relaxation to National Insurance Company Limited for Regulation 3(vii) &amp; 5(vii) of the IRDAI (Other Forms of Capital) Regulations 2015 dated 22<sup>nd</sup> February, 2017 and the relaxation is applicable throughout the tenor of the debt instrument.</p>

Seniority of Claims	<p>The claims of the holders of the subordinated debt shall be superior to the claims of the investors in preference shares and equity shares in that order but shall be subordinated to the claims of the policyholders and all other creditors.</p> <p>The instruments issued under these Regulations shall neither be secured nor covered by a guarantee of the Insurer or other arrangements that legally enhance the seniority of the claims as against the claims of the insurer's policyholders and creditors.</p>
Interest on Application Money	<p>Interest on application money is payable at the applicable coupon rate (subject to deduction of tax at source at the rates prevailing from time to time under the provisions of the Income Tax Act, 1961 or any statutory modification or re-enactment thereof), will be paid on the entire application money on all valid applications. The same will be released within 30 days from the date of allotment. Such interest shall be paid for the period commencing from the date of receipt of funds up to one day prior to the date of allotment. No interest on application money would be payable in cases of invalid applications.</p>
Eligible Investors	<p>These categories of investors, when specifically approached, are eligible to apply for this private placement of Debentures.</p> <p>Indian promoter as defined under the Insurance Regulatory and Development Authority of India (Registration of Indian Insurance Companies) Regulations, 2000, as amended from time to time which means:</p> <ul style="list-style-type: none"> <li>o Company formed under the Companies Act, 2013 which is not a subsidiary as defined under the Act;</li> <li>o Core investment company (as per the Core Investment Companies (Reserve Bank) Directions, 2011);</li> <li>o Banking company (Banking Regulation Act, 1949), but does not include a foreign bank or branch thereof functioning in India;</li> <li>o Public financial institution (as per Companies Act);</li> <li>o Provident funds/ Superannuation funds or gratuity funds, private trusts, as may be</li> </ul>

	<p>permitted by respective rules and guidelines of such funds/ trusts.</p> <ul style="list-style-type: none"> <li>○ Mutual Funds</li> <li>○ Portfolio Manager registered with SEBI</li> <li>○ Co-operative society registered under any relevant law for the time being in force;</li> <li>○ a person, who is an Indian citizen or a combination of persons who are Indian citizens;</li> <li>○ a limited liability partnership formed under the Limited Liability Partnership Act, 2008 with no partner being a non-resident entity/person resident outside India as defined under the Foreign Exchange Management Act, 1999 and not being a foreign limited liability partnership registered there under;</li> <li>○ Indian investor as defined under the Insurance Regulatory and Development Authority of India (Registration of Indian Insurance Companies) Regulations, 2000, as amended from time to time.</li> <li>○ Foreign investors as defined under the Indian Insurance Companies (Foreign Investment) Rules, 2015 means i.e. all eligible non-resident entities or persons resident outside India investing in the equity share of an Indian insurance company, as permitted to do so through foreign direct investment and foreign portfolio investment windows under FEMA Regulations.</li> <li>○ Other persons as may be approved by IRDAI.</li> </ul> <p>All investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this issue of debentures.</p>
Objects of the Issue	Further strengthening the Issuer's solvency by way of augmenting its capital under 'Other Forms of Capital' to facilitate growth of the Issuer.
Details of Utilization of the Proceeds	The issue is being made pursuant to applicable regulations and would help the Issuer in meeting its long-term growth plan objectives.
Issuance Mode	In demat mode only
Trading Mode	In demat mode only
Credit Rating	CRISIL: AAA/Negative

	ICRA: AA+ Stable outlook
Listing	<p>The Debentures are proposed to be listed on the WDM segment of BSE &amp; NSE in accordance with the terms of the applicable laws.</p> <p>Further, in the case of investment by FIIs investors, it shall be ensured by the company that the Debentures are Listed within 15 days of allotment. In case, debentures are not listed within 15 days, company shall refund the allotment money to investor.</p>
Trustees	SBICAP Trustee Company Limited
Depository	National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to be appointed.
Registrars	RCMC Share Registry Private Limited
Settlement Mode	<p>All cheques/drafts must be made payable to "<b>National Insurance Company Limited</b>" and crossed "A/c Payee Only". Alternatively, payment can be made through RTGS transfer as per the banking details given in the term sheet.</p> <p>Eligible Investors to note that no payment shall be accepted in cash.</p>
Business Day Convention	<p>Business Day/Working Day means a day (other than a Sunday and Saturday or a Bank holiday on which banks are open for general business in Mumbai*.</p> <ol style="list-style-type: none"> <li>1. If the interest payment date falls on a holiday, the payment may be made on the following working day however the dates of the future coupon payments would be as per the schedule originally stipulated at the time of issuing the security. In other words, the subsequent coupon schedule would not be disturbed merely because the payment date in respect of one particular coupon payment has been postponed earlier because of it having fallen on a holiday.</li> <li>2. If the Redemption Date and Coupon Payment Date of the debentures falls together on a day that is not a Business Day, the redemption proceeds shall be paid by the Issuer on previous working Business Day along with interest accrued on the debentures until but</li> </ol>

	<p>excluding the date of such payment.</p> <p>*In terms of the SEBI Circular No. CIR/MD/DF-1/122/2016 dated 11<sup>th</sup> November, 2016, interest/redemption payments shall be made only on the days when the money market is functioning in Mumbai.</p>
Record Date	15 calendar days before the Coupon Payment Date/Redemption Date.
Transaction Documents	<p>The Issuer has executed/shall execute the documents including but not limited to the following in connection with the issue:</p> <ul style="list-style-type: none"> <li>• This Information Memorandum issued in accordance with the SEBI Regulations, Companies Act, 2013, Companies (Prospectus and Allotment of Securities) Rules, 2014 and IRDAI Regulations;</li> <li>• Debenture Trusteeship Appointment Agreement</li> <li>• Debenture Trust Deed</li> <li>• Listing Agreement with BSE &amp; NSE</li> </ul>
Conditions Precedent to Subscription of Debenture	<p>The subscription from investors shall be accepted for allocation and allotment by the Issuer subject to the following:</p> <ul style="list-style-type: none"> <li>• IRDAI approval dated 22<sup>nd</sup> February, 2017 for raising subordinated debt under 'Other forms of Capital';</li> <li>• Rating letter(s) from credit rating agencies;</li> <li>• Letter from the Trustee conveying their consent to act as Debenture Trustees for the Debenture Holder(s); and</li> <li>• Letter from BSE/NSE conveying its in-principle approval for listing of Debentures.</li> </ul>
Conditions Subsequent to Subscription of Debenture	<p>The Issuer shall ensure that the following documents are executed/activities are completed as per time frame mentioned elsewhere in this Information Memorandum:</p> <ul style="list-style-type: none"> <li>• Credit of demat account(s) of the allottee(s) by number of debentures allotted within two Business Days from the deemed date of allotment and</li> <li>• Listing the debentures within 15 days from the deemed date of allotment.</li> </ul> <p>Besides, the issuer shall perform all activities,</p>

	whether mandatory or otherwise, as mentioned elsewhere in this Information Memorandum.
Events of Default	If the issuer commits a default in making payment of any instalment of interest or repayment of principal amount of the debentures on the respective due date(s), the same shall constitute an "Event of Default" by the issuer.
Cross Default	Not applicable
Role and Responsibilities of Trustees	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, provided that, the provisions of Section 20 of the Indian Trusts Act, 1882, shall not be applicable to the Trustees. The Trustees shall carry out its duties and perform its functions as required to discharge its obligations under the terms of the SEBI Regulations, the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, Companies Act 2013, the Debenture Trusteeship Agreement, this Information Memorandum and all other related transaction documents and applicable laws with due care, diligence and loyalty.
Governing Law and Jurisdiction	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 courts of Kolkata.
Additional Covenants	<p><b>Security creation:</b> Not applicable</p> <p><b>Default in payment:</b> In case of default in payment of Interest and/or principal redemption on the due dates, additional interest of at least 2% per annum over the coupon rate will be payable by the Company for the defaulting period.</p> <p><b>Delay in listing:</b> In case of delay in listing of the debt securities beyond 20 days from the deemed date of allotment, the Company will pay penal interest of at least 1% per annum over the coupon rate from the expiry of 30 days from the deemed</p>

	date of allotment till the listing of such debt securities to the investor. The Company will make available adequate funds for this purpose.
Default Coupon Rate	Same as Coupon Rate.
Issue Opening Date	24 <sup>th</sup> March, 2017
Issue Closing Date	24 <sup>th</sup> March, 2017
Pay-in Date(s)	27 <sup>th</sup> March, 2017
Deemed Date of Allotment	27 <sup>th</sup> March, 2017
Relevant Guidelines	In addition to the IRDAI Regulations, this issuance would adhere to the following guidelines/regulations: <ul style="list-style-type: none"> <li>• The Companies Act, 2013</li> <li>• SEBI (LODR) Regulations, 2015</li> <li>• Foreign Exchange Management Act, 1999 read with rules and regulations made there under; and</li> <li>• Any other guidelines/regulations applicable for private placement of listed debt securities</li> </ul>

\* Subject to deduction of Tax at source as applicable

\*\* The Issuer reserves its sole and absolute right to modify (pre-poned/ postpone) the above issue schedule without giving any reasons or prior notice. In such a case, investors shall be intimated about the revised time schedule by the Issuer. The Issuer also reserves the right to keep multiple Deemed Date(s) of Allotment at its sole and absolute discretion without any notice. In case if the Issue Closing Date/ Pay in Date is/are changed (pre-poned/ postponed), the Deemed Date of Allotment may also be changed (pre-poned/ postponed) by the Issuer at its sole and absolute discretion. Consequent to change in Deemed Date of Allotment, the Coupon Payment Dates and/or Put/ Call Option due Date and/or Redemption Date may also be changed at the sole and absolute discretion of the Issuer.

**U. DISCLOSURE OF CASH FLOWS:** In pursuance of SEBI circular no. CIR/IMD/DF/18/2013 dated October 29 2013 read with SEBI Circular no. CIR/IMD/DF-1/122/2016 November 11, 2016, set forth below is an illustration for guidance in respect of the day count convention and effect of holidays on payments.

Cash Flows	Interest Payment Date	Actual Date of Payment	No. of days in Coupon Period	Amount (in Rupees)
1st Coupon	Tuesday, 27 March, 2018	Tuesday, 27 March, 2018	365	83,500
2nd Coupon	Wednesday, 27 March, 2019	Wednesday, 27 March, 2019	365	83,500
3rd Coupon	Friday, 27 March, 2020	Friday, 27 March, 2020	366	83,500
4th Coupon	Saturday, 27 March, 2021	Monday, 29 March, 2021	365	83,500
5th Coupon	Sunday, 27 March, 2022	Monday, 28 March, 2022	365	83,500
6th Coupon	Monday, 27 March, 2023	Monday, 27 March, 2023	365	83,500
7th Coupon	Wednesday, 27 March, 2024	Wednesday, 27 March, 2024	366	83,500
8th Coupon	Thursday, 27 March, 2025	Thursday, 27 March, 2025	365	83,500



9th Coupon	Friday, 27 March, 2026	Friday, 27 March, 2026	365	83,500
10th Coupon	Friday, 26 March, 2027	Friday, 26 March, 2027	364	83,271
Principal	Friday, 26 March, 2027	Friday, 26 March, 2027		10,00,000
<b>TOTAL</b>				<b>18,34,771</b>

**Notes:**

- *The Cash Flow displayed above is calculated per Debenture (face value of Rs. 10, 00,000).*
- *The Cash Flow assumes that the call option(s) available on this debenture (if applicable) have not been exercised by the Issuer.*
- *The Cash Flow is calculated considering year 2016, 2020 as Leap year. Hence number of days taken as 366 days for interest calculations. (Actual/ Actual - as per SEBI Circular no: CIR/IMD/DF/18/2013 dated 29th Oct 2013 and SEBI Circular no CIR/IMD/DF-1/122/2016 dated 11<sup>th</sup> November 2016).*
- *In case of Interest Payment of debenture if the date happens to be holiday, the payment will be made on the next working day.*
- *In case of Redemption of debenture if the date happens to be holiday, the payment will be made on the previous working day.*
- *The cash flow has been prepared based on the best available information on holidays and could further undergo change(s) in case of any scheduled and unscheduled holiday(s) and/or changes in money market settlement day conventions by the Reserve bank of India/ SEBI.*
- *For the purpose of the above table, the Date of Allotment is considered as 27.03.2017*
- *Redemption payments are rounded-off to nearest rupee as per the FIMMDA 'Handbook on market practices'.*

**V. TERMS OF OFFER (DETAILS OF DEBT SECURITIES PROPOSED TO BE ISSUED, MODE OF ISSUANCE, ISSUE SIZE, UTILIZATION OF ISSUE PROCEEDS, , REDEMPTION AMOUNT, PERIOD OF MATURITY, YIELD ON REDEMPTION, DISCOUNT AT WHICH OFFER IS MADE AND EFFECTIVE YIELD FOR INVESTOR)**

**ISSUE SIZE**

The Issuer proposes to raise an amount aggregating to Rs. 895 Crores.

**PRESENT ISSUE**

National Insurance Company Limited (NIC) (hereinafter referred to as the 'Company'/'Issuer') proposes to raise Unsecured, Subordinated, Fully Paid-up, Listed, Redeemable and Non-Convertible Debentures (NCD) of Rs.10.00 Lacs each for cash at par Rs. 895 Crore.

**NATURE OF THE INSTRUMENT**

Unsecured, Subordinated, Fully Paid-up, Listed, Redeemable and Non-Convertible Debentures (NCDs)