



PRISM CEMENT LIMITED

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TERM SHEET

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Security Name	Private placement of Secured, Rated, Listed, Redeemable, Taxable, Non-convertible Debentures - Tranche IX
Issuer	Prism Cement Limited (" The Company / Issuer ")
Promoter Group	Such persons and entities as declared to the NSE and BSE, as on September 30, 2017, as "Promoter & Promoter Group"
Type of Instrument	Secured, Rated, Listed, Redeemable Taxable Non-convertible, Debentures (" Bonds/ NCDs/ Debenture ")
Nature of Instrument	Secured
Seniority	Senior
Mode of Issue	Private Placement
Eligible Investors	1. Commercial Banks, Mutual Funds, Insurance Companies, Financial Institutions; 2. Companies and Bodies Corporate including public sector undertakings; 3. Provident Funds, Gratuity Funds, Pension Fund. All investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this issue of debentures.
NCDs offered to	ICICI Prudential Asset Management Company Limited
Debenture Trustee	Axis Trustee Services Ltd.
Listing	The Debentures will be listed on the WDM segment of BSE and/ or NSE
Timeline for Listing	Making application to BSE and/ or NSE within 15 (Fifteen) days from the Deemed Date of Allotment to list the Debentures and seek listing permission within 20 (Twenty) days from the Deemed Date of Allotment in terms of Regulation 19(3) of the SEBI (Issue and Listing of Debt Securities) Regulations, 2008. In case of delay in listing of the Debentures beyond 20 (Twenty) days from the Deemed Date of Allotment, the Issuer will pay to all the Debenture holders penal interest of 2% (Two percent) per annum over the applicable Interest Rate from the expiry of 30 (Thirty) days from the Deemed Date of Allotment till the listing of the Debentures on the WDM segment of BSE and/ or NSE.
Rating	(A-) with outlook stable by ICRA Limited or India Ratings (" Rating Agency ")
Face Value	Rs. 10,00,000/- (Rupees Ten Lakh) per Debenture
Amount	Rs.100 Crores
Issue Opening Date	On or before 10 th November, 2017
Issue Closing Date	On or before 10 th November, 2017
Deemed Date of Allotment	On or before 10 th November, 2017
Maturity	36 (Thirty Six) months from the Deemed Date of Allotment.
Coupon/ Interest Rate	8.80 % (Eight Decimal Eight Zero percent) p.a.
Coupon Frequency	Annual
Put / Call Option	Annually with 30 (Thirty) calendar days prior notice.



Security	<p>First pari passu charge on all the moveable and immovable assets categorized under fixed assets of cement division of the company except leased assets("Charged Assets") to the extent of 1.25 times of outstanding borrowings against those Charged Assets to be maintained at all times till the maturity of NCD (to be created within 90 calendar days from date of each disbursement).</p> <p>Book Value for the above assets offered as security shall be tested on a half-yearly basis, on March 31st and September 30th each year. The Company shall, within 90 calendar days from the end of the respective half-year period, procure and provide to the Debenture Trustee a certificate from its statutory auditors / chartered accountant providing the book value of the above assets and the extent of security cover.</p>
Object of the Issue	Replacement / refinancing of existing debt, capital expenditure, long term working capital and general corporate purpose
Details of the Utilisation of the proceeds	Proceeds will be utilised for above object. No part of the proceeds would be utilized directly/indirectly towards capital markets or land acquisition
Step up Coupon Rate/Step down Coupon Rate	<p>The Coupon Rate will be reset from the date of change in the long-term (LT) credit rating of the instrument (NCDs) and/ or the Issuer, as follows:</p> <ul style="list-style-type: none"> • Coupon Rate to be increased by 25 basis points from the date of rating downgrade to "BBB+" of the (NCDs) and/ or the Issuer by Rating Agency and/ or any other rating agency and for each subsequent downgrade in rating notch thereafter. • Investor shall have an option to ask for mandatory prepayment in full / part of the outstanding NCDs together with accrued interest if the rating of the NCDs and/ or the Issuer is downgraded to or below "BBB" by the Rating Agency and/ or any other rating agency; • Coupon Rate to be reduced by 25 (Twenty Five) basis points from the date of upgrade to "A" by all rating agencies (for the instrument and the Issuer) and for each subsequent upgrade in rating notch thereafter. <p>It is clarified that for the purpose of this clause lowest of all outstanding ratings (of the Issuer / NCDs) will be considered.</p>
Coupon Type	Fixed (Can change subject to rating migration as mentioned in the Step up coupon rate / Step down coupon rate clause)
Day Count Basis	Actual/365 (366 days in case of a leap year)
Interest on Application Money	<p>Interest at the coupon rate (subject to deduction of income tax under the provisions of the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof, as applicable) will be paid to the applicants on the application money for the NCDs for the period starting from and including the date of realization of application money in Issuer's bank account upto one day prior to the Deemed Date of Allotment.</p> <p>Where pay-in date and Deemed Date of Allotment are the same, no Interest on Application money is to be paid.</p>
Default Interest Rate	<p>In the event of delay in the payment of interest amount and/or principal amount on the due date(s), without prejudice to the right of the Debenture Trustee to call an event of default, the Issuer shall be liable to pay an additional interest of 2% per annum in addition to the Coupon rate payable on the NCDs, on such amounts due, 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.</p> <p>Security Creation: In the event of delay in execution of Debenture Trust Deed or any other security documents, the Issuer shall either refund the subscription at the Coupon rate or shall pay penal interest of 2% per annum over the coupon rate for the delayed period till such conditions are complied with, at the option of the holders of the Debenture.</p>
Minimum Application and in multiples of Debt securities thereafter	Minimum 1 Debenture of ` 10,00,000/- each and in multiple of 1 Debenture thereafter



Debt securities thereafter	
Issuance mode of the Instrument	Demat only
Trading mode of the Instrument	Demat only
Settlement mode of the Instrument	RTGS/NEFT
Depository	NSDL/CDSL
Business Day Convention	<p>If any coupon payment date falls on a day that is not a Business Day, the payment shall be made by the Issuer on the immediately succeeding Business Day without calculating interest for such additional period..</p> <p>If the Maturity Date (also being the last coupon payment date) of the Debentures falls on a day that is not a Business Day, the redemption proceeds shall be paid by the Issuer on the immediately preceding Business Day along with interest accrued on the Debentures until but excluding the date of such payment.</p> <p>Interest shall be calculated on actual/365 days (366 days in case of a leap year) basis</p>
Record Date	15 (Fifteen) calendar days prior to each coupon payment date and the Maturity Date
Business Day	Any day on which the money markets are open for business in Mumbai, not being a Saturday, Sunday or a Public holiday
Information Undertaking of Issuer	<ol style="list-style-type: none"> 1. Standalone financial statements to be submitted to the Debenture Trustee at the end of financial half years; 2. Details of any material litigation, arbitration or administrative proceedings to be submitted to the Debenture Trustee; 3. Notice of any change in authorised signatories of the Issuer with respect to the Debentures to be submitted to the Debenture Trustee; 4. Issuer to provide end-use certificate within 3 (Three) months of Deemed Date of Allotment confirming that no part of the Issue has been used for purpose ineligible for bank finance as per RBI guidelines and the proceeds of the Issue has been utilized solely for the end – use stated herein; 5. Others as agreed between the holders of Debenture and the Issuer
Transaction Documents	<p>The Issuer shall execute/ cause execution of the documents but not limited to the following in connection with the issue:</p> <ol style="list-style-type: none"> 1. Information Memorandum (IM) 2. Private Placement Offer Letter (PAS 4); 3. Debenture Trustee Agreement; 4. Debenture Trust Deed; 5. Rating Letter of Rating Agency 6. Hypothecation Agreement 7. Memorandum of Entry 8. Declaration 9. Consent letter from Debenture Trustee 10. Rating Letter from ICRA / India Ratings 11. BSE In-principle approval 12. Tripartite agreement between the Issuer, registrar and NSDL for issue of debentures in demat form
Representations/ Covenants of Issuer	<p>Representations, warranties, covenants and defaults appropriate for an Issue of this nature, including but not limited to:</p> <ol style="list-style-type: none"> 1. Status, binding obligation, power and authority; 2. Non-conflict with other obligations; 3. Validity and admissibility in evidence; 4. Insolvency;



	<ol style="list-style-type: none"> 5. No misleading information; 6. No proceedings pending or threatened; 7. No material adverse change or Event of Default; 8. Compliance with applicable law; 9. Security and financial indebtedness; 10. Good title to assets; 11. Transaction Documents, disclosures, authorization and other documents; 12. All representations and warranties are true as on the date of execution and drawdown; 13. No Event of Default or potential Event of Default has occurred by the Company or its subsidiaries is continuing.
Financial Covenants	<p>During the currency of the Debentures, Issuer shall maintain the below mentioned ratios:</p> <ol style="list-style-type: none"> 1. DSCR not below 1.00 (One) times; First testing on 31st March, 2018 2. No EBIDTA loss on annual basis; First testing on 31st March, 2018 3. Total Debt to Net Worth not greater than 2.0 (Two) times; First testing 31st March, 2018 <p>All Financial Covenants would be tested on half yearly basis i.e. as on 31 March and 30th Sept every year on standalone balance sheet till the redemption of the Debentures. The Financial Covenants shall be certified by an independent Chartered Accountant within 90 (Ninety) calendar days from end of the period.</p> <p>"Debt Service Coverage Ratio (DSCR)" shall mean, for the trailing 12 (Twelve) month period, the ratio of (i) the aggregate of Profit after Tax, Depreciation, non-cash expenses and interest liabilities to (ii) the principal repaid and interest due on all outstanding indebtedness of the Issuer. However, under no circumstance any loan which has been prepaid shall be considered for determining the DSCR.</p> <p>"Debt" shall mean aggregate of:</p> <ol style="list-style-type: none"> 1. All long term debt outstanding, whether secured or unsecured, 2. Any short term debt outstanding, whether secured or unsecured, availed of in lieu of long term debt or by way of bridge financing for long term debt 3. Any amount raised by acceptance under any acceptance credit facility 4. Receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis); 5. Any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing; <p>"Net-Worth" shall mean issued and paid up equity share capital (+) all reserves (excluding revaluation reserves) (-) any dividend declared (-) intangibles (including but not restricted to brand valuation, goodwill etc) as per the latest audited financials of the Issuer.</p> <p>EBIDTA means earnings before interest, depreciation, Tax and amortization. For clarity it will also exclude any exceptional gain or loss & as classified in financial of the company.</p>
Covenants	<p>During the currency of the Debentures:</p> <ol style="list-style-type: none"> 1. Issuer shall not amend or modify Objects Clause in its Memorandum of Association and Article of Association without the consent of the majority [51% (Fifty One percent)] of the Debenture holders; 2. Issuer shall not change its financial year-end from 31st March (or such other date as may be approved by the holders of Debentures) without the consent of all the Debenture holders; 3. Issuer shall not change the accounting method or policies currently followed or in case of any modification / alteration in the accounting policies/standards followed by the Issuer during the currency of the Debentures unless otherwise required by any prevailing Law / Act / Rules etc without the consent of the majority [51% (Fifty One percent)] of the Debenture holders.;



	<ol style="list-style-type: none"> 4. Issuer to ensure that it is not admitted under NCLT for The Insolvency and Bankruptcy Code, 2016; 5. Issuer shall not participate in any material sale of asset/business/division or re-structuring of the existing business/ split of businesses (Material for this clause to be defined as Rs. 75,00,00,000/- (Rupees Seventy Five Crores only) and above) without the consent of the majority [51% (Fifty One percent)] of the Debenture holders; 6. No dividend, if an Event of Default has occurred and is subsisting, without the consent of all the Debenture holders; 7. "Management Control of the Issuer" shall mean (i) At least 51 % (Fifty One percent) ownership and management control of the Issuer shall remain with its Promoters (Rajan Raheja Group) during the tenor of the facility and (ii) the ability of the Promoter Group to appoint majority of the directors of the Board of Directors of the Company; and (iii) ability of the Promoter Group to control and direct the business, operations and functioning of the Company. Such other conditions/documents required by the Debenture Holder(s) in the Transaction Documents. 8. Such other conditions/documents required by the holders of Debenture in the Transaction Documents.
<p>Conditions precedent to disbursement</p>	<p>The subscription from investors shall be accepted for allocation and allotment by the Issuer subject to the following</p> <ol style="list-style-type: none"> 1. Long term rating letter from the Rating Agency not being more than 1 (One) month old from the Issue Opening Date; 2. Letter from trustees conveying their consent to act as trustees for the holders of Debentures; 3. Letter from BSE conveying its in-principle approval for listing of debentures; 4. Execution of the following Transaction Documents in a form acceptable to holders of Debentures: <ul style="list-style-type: none"> • Information Memorandum; • Debenture Trustee Agreement; 5. The Debenture Trust Deed and all security documents to be in agreed form; 6. Evidence of due execution and authority for the Transaction Documents mentioned in point 4 above; 7. Evidence that the Transaction Documents mentioned in point 4 above are valid and subsisting; 8. Payment of all fees due under the Transaction Documents; - 9. Undertaking from the Issuer that each of the Representations & Warranties made by the Issuer are true and correct; 10. Non-occurrence/existence of any force majeure event/Event of Default; 11. No material adverse effect and there are no circumstances existing which could give rise, with the passage of time or otherwise, to a material adverse effect. 12. Submission of certified true copies of the Memorandum & Articles of Association and such other documents of the Issuer as may be required by the holders of Debentures; 13. All necessary board resolutions of the Issuer to the satisfaction of the holders of Debentures; 14. List of authorized signatories of the Issuer along with their specimen signatures; 15. Shareholders resolution of the Issuer in relation to Section 180 (1)(a) and 180 (1)(c) of Companies Act, 2013 approving the current borrowing limit of the Issuer; 16. Shareholders resolution of the Issuer in relation to Section 42 of Companies Act, 2013 approving the issuance of the Debentures on a private placement basis; 17. A copy of Tripartite agreement between the Issuer, registrar and NSDL for issue of Debentures in Demat form; 18. Such other conditions/documents required by the Debenture Holder(s) in the Transaction Documents.



Conditions Subsequent	<p>The Issuer shall ensure that the following documents are executed/ activities are completed as per time frame mentioned herein below:</p> <ul style="list-style-type: none"> • Credit of Demat account(s) of the allottee(s) by number of Debentures allotted within : (Three)Business Days from the Deemed Date of Allotment; • Creation and perfection of the Security as per the respective clauses; • Registration of charge with the concerned Registrar of Companies; • Execution of Debenture Trust Deed for within time frame prescribed in the relevant regulations/ act/ rules etc. • Making application to BSE within 15 (Fifteen) days from the Deemed Date of Allotment to list the Debentures, and seek listing permission within 20 (Twenty) days from the Deemed Date of Allotment in terms of regulation 19(3) of the SEBI (Issuing and Listing of debt securities) Regulations, 2008. • Any others as agreed between the parties
Events of Default	<p>Events of Default as stated in the NCD Documentation, including but not limited to the following:</p> <ul style="list-style-type: none"> • Failure to create Security as per stipulated timelines; • Failure to pay amounts due under the Issue on the relevant due date by the Issuer; • Insolvency, reorganization, liquidation, suspension of payment of debts, winding up, illegality, cessation of business by the Issuer; • Cross default / acceleration under agreements (subject to relevant cure periods, if any, provided in the respective agreements) for indebtedness of the Issuer or its subsidiaries; • Security in jeopardy; • Bankruptcy, CDR proceedings filed with respect to the Issuer; • Breach of any of the terms of the Transaction Documents by the Issuer; • Breach of any covenants by the Issuer; • Breach of any Representations and Warranties by the Issuer; • Nationalization or expropriation of any of a substantial part of the assets of the Issuer; • Unlawfulness or moratorium; • Change in management control of the Issuer, without prior approval; • Any other as agreed between the parties.
Consequences of Event of Default	<p>The consequences of an Event of Default will, include but not be limited to the following:</p> <ul style="list-style-type: none"> • Acceleration of all outstanding dues in respect of the Debentures, cancellation of total Issue and enforcement of Security; • 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 fulfillment of all the obligations of the Issuer under the Issue shall be paid to the Issuer; Enforce its right under the Transaction Documents and/or under applicable law; • Appropriate any amount in the Accounts and utilize it for payment/repayment of any amount outstanding under the Issue; • Charge Default Interest. It is clarified that the default interest at the Default Interest Rate shall be charged from the date of occurrence of Event of Default irrespective of the same being declared by the holders of Debentures till such date the default subsists; • Any cost incurred on any of the above shall be borne by Issuer
Cross Default	<ul style="list-style-type: none"> • Cross Default / acceleration under agreements (subject to relevant cure periods, if any, provided in the respective agreements) for indebtedness of the Issuer; • Cross default means default with any lenders by the Issuer or its subsidiaries.
Role and Responsibilities of Debenture	<p>The Debenture Trustee shall carry out its duties and perform its functions under SEBI (Issuing and Listing of debt securities) Regulations, 2008, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, as amended</p>



Trustee	from time to time, and the Transaction Documents, with due care, diligence and loyalty.
Governing Law and Jurisdiction	The Debentures are governed by and shall be construed in accordance with the Indian laws. Any dispute arising thereof will be subject to the exclusive jurisdiction of the courts and tribunals at Mumbai.
Clear Market	The Company to ensure that starting from the time of acceptance of this letter, till the end of 30 (Thirty) calendar days from the Deemed Date of Allotment, the Company would not bring any other primary issue of Debentures with more favorable terms or pricing.
Force Majeure	This Term Sheet is subject to, in the opinion of the prospective investor, <ul style="list-style-type: none"> a) any material adverse change having occurred in any of the business, condition (financial operations, of the issuer (and its subsidiaries or parent company or promoter group) since the last available audited annual report, b) any circumstance, change or condition (including the continuation of an existing condition) in the domestic and international commercial bank, loan syndication, financial or capital market, political or economic conditions that, in the opinion of the prospective investor, would materially affect syndication and conclusion of the Facility; and c) any material adverse change having occurred in the financial markets in which the issuer and/or its principal assets are located or in the market for loans to and debt securities of India.

Date : 27th October, 2017

Place : Mumbai

For PRISM CEMENT LTD.

 (Authorised Signatory)