



# ELECTROMECH MARITECH PRIVATE LIMITED

## Indicative Term Sheet

<b>Issuer</b>	Electromech Maritech Private Limited (“ <b>Issuer</b> ”)
<b>Security Providers</b>	Issuer and its shareholder
<b>Investor</b>	Any investment funds managed by Avenue Asia Capital Management, L.P. (“ <b>Avenue</b> ”) or any of its affiliates or such other special purpose vehicle as Avenue may nominate or other potential funding sources.
<b>Debenture Trustee</b>	Catalyst Trusteeship Limited
<b>Investment Amount</b>	INR 15,80,00,000 (Indian Rupees Fifteen Crores and Eighty Lakhs Only raised via 15,800 NCDs of face value of INR 10,000 each (Indian Rupees Ten Thousand) (“ <b>Investment Amount</b> ”)
<b>Instrument</b>	INR denominated unlisted, unrated, senior, secured non-convertible debentures (“ <b>NCDs</b> ”/“ <b>Debentures</b> ”) to be issued in dematerialized form.
<b>Purpose</b>	The Investment Amount shall be used for refinancing the existing debt of the Issuer granted by Power Finance Corporation Limited and Axis Bank.
<b>Tenor</b>	4 years
<b>Coupon</b>	Fixed coupon of 10.60 p.a. shall be due from the deemed date of allotment and payable as per the Scheduled Coupon Date, accrued monthly and payable over and above the Coupon following the Moratorium Period. However, the Coupon shall be reset as agreed between the Issuer and Debenture Trustee/ Debenture Holder upon change of control of Lanco Solar Energy Private Limited.
<b>Redemption</b>	Redemption at end of tenure, except in case of Mandatory Redemption
<b>Redemption Premium</b>	As agreed between the Investor and Issuer under the Debenture Trust Deed
<b>Mandatory Redemption</b>	<p>The Issuer shall mandatorily redeem the Debentures, in full, upon occurrence of any of the following events:</p> <ul style="list-style-type: none"><li>(a) Sale of substantial assets of the Issuer;</li><li>(b) Sale of more than 50% of the shares of the Issuer (calculated on a fully diluted basis);</li><li>(c) Prepayment Event<sup>1</sup></li><li>(d) such other event that the Issuer and Investor agree in writing to be a Mandatory Prepayment event.</li></ul> <p>The Issuer shall redeem the Debentures by payment of the following amounts: In case of (a), (b) and (c) – the aggregate of (i) all outstanding amounts due and payable in respect of the Debentures; and (ii) the Redemption Premium, if any. In case of (d) – the aggregate of (i) all outstanding amounts due and payable in respect of the Debentures; and (ii) such premium as may be agreed between the Investor and the Issuer.</p>

<sup>1</sup> Prepayment Event shall mean that the Avenue/ Debenture Trustee shall have the right to require the Issuer to prepay the Investment Amounts, after giving a prior written notice of 30 (thirty) days to the Issuer at any time until the Final Settlement Date (i.e. redemption of the Debentures at the end of the Tenor)



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<b>Cash Sweep</b>	All surplus cash flows of the Issuer after providing for any operating expenditure and capital expenditure shall be used towards mandatory repayment of any outstanding amount to the Debenture Holder.
<b>DSRA</b>	Three quarters of Debenture Amount and Coupon repayment of the outstanding amounts to be maintained at all times by the Issuer in the Debt Service Reserve Account until the final repayment date
<b>Security</b> <i>(Indicative only, to be provided in detail in transaction documents)</i>	<p>The Investment Amount shall be secured by:</p> <ol style="list-style-type: none"><li>(i) a first ranking Security Interest on all on all immovable properties of the Issuer, both present and future.</li><li>(ii) a first ranking Security Interest on all the tangible movable assets, including moveable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles, stocks and all other movable assets, both present and future.</li><li>(iii) a first ranking Security Interest on Issuer's operating cash flows, book debts, bills, receivables, commissions, monies including Bank Accounts, claims of all kinds and stocks including consumables and other general stores and revenues of whatsoever nature and wherever arising, both present and future, including but not limited to intangibles, goodwill, uncalled capital, both present and future.</li><li>(iv) a first ranking pledge over 100% of the issued and paid up equity shares of the Issuer free from any restrictive covenants/ lien or other encumbrance under any contract/ arrangement including shareholder agreement/ joint venture agreement/financing arrangement with regard to pledge/ transfer of the shares including transfer upon enforcement of the pledge.</li><li>(v) a lien over the DSRA maintained in the Debt Service Reserve Account.</li><li>(vi) such other security interest as the Debenture Holders may require and/or as may be mutually agreed.</li></ol>
<b>Covenants</b>	<p>A set of positive and negative covenants customary to this type of transaction, including but not limited to the following:</p> <ul style="list-style-type: none"><li>• restriction on cash dividends or other distributions in any form and manner to shareholders until the Debentures have been repaid;</li><li>• information covenants;</li><li>• financial covenants;</li><li>• restriction on share buyback;</li><li>• restriction on issuing or incurring any further debt;</li><li>• restriction on disposal of or divestment of any assets without the Investor's consent;</li><li>• restriction on related party transaction or agreement unless in the ordinary course of business, scope to be defined during</li></ul>

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	<p>documentation;</p> <ul style="list-style-type: none"><li>• no change of material contracts without the Investor's consent;</li><li>• approval of Investor required for change of scope of business;</li><li>• approval of annual business plan and budgets;</li><li>• Investor's consent to be obtained for appointment of or removal of any senior executives employed by the Borrower;</li><li>• Investor's consent to be obtained for replacement of the statutory auditor and changes in accounting policies; and</li></ul> <p>such other covenants which are customary for a transaction of this nature.</p>
<b>Default Interest</b>	<p>Additional 6% per annum accrued monthly, over and above the Coupon rate on all outstanding amounts due in respect of the Debentures, from the date of occurrence of an Event of Default until the relevant default has been remedied or waived. The Investor shall not be required to provide any notice to the Borrower before levying such Default Interest.</p>
<b>Conditions Precedent</b>	<p>NoC from PFC and Axis Bank for repayment of the outstanding debt and such conditions precedent which are customary for a transaction of this nature, or which are deemed necessary by the Investor and all conditions precedent must be achieved to the Investor's satisfaction prior to drawdown, unless waived by the Investor.</p>
<b>Conditions Subsequent</b>	<p>Any conditions, including in relation to completion of security creation and perfection and regulatory approvals (if any) which are deemed necessary by the Investor and as stipulated in the transaction documents.</p>
<b>Representations &amp; Warranties</b>	<p>Representations and warranties customary for a transaction of this nature, as stipulated in the transaction documents, including but not limited to the following:</p> <ul style="list-style-type: none"><li>• FCPA and OFAC related representations;</li><li>• due incorporation and constitution / valid existence under applicable laws;</li><li>• binding obligations under the transaction documents and enforceability of transaction documents;</li><li>• no breach of applicable laws, including in relation to taxation, agreements binding on the parties, and constitutional documents;</li><li>• no immunity from court processes and applicable laws;</li><li>• any other representations and warranties required to be provided by the Investor.</li></ul>
<b>Events of Default</b>	<p>Events of default will be specifically defined in the transaction documents and shall be standard to a transaction of this nature, including but not</p>

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	<p>limited to:</p> <ul style="list-style-type: none"><li>• a delay in payment of either principal or interest on the Facility on the relevant due date;</li><li>• non-creation / top up of Security within the stipulated time frame, as applicable;</li><li>• borrowing other than Permitted Indebtedness as set out under the transaction documents;</li><li>• termination of material agreements or amendment of constitutional documents of the Issuer without the prior approval of the Investors;</li><li>• the appointment of a receiver in respect of the whole or any part of the property of the Obligors;</li><li>• breach of representations and warranties; misrepresentation, wilful default or fraudulent act, unlawfulness; bankruptcy, insolvency, illegality of or by the Obligors;</li><li>• repudiation of the Transaction Documents;</li><li>• any information given by the Obligors which is misleading or incorrect in any material respect;</li><li>• any material litigation or an adverse order issued by a statutory authority, government body which may have a material adverse effect on the Facility;</li><li>• a failure by the Obligors to observe any of the covenants set forth in the Transaction Documents</li><li>• any future adverse qualification by the auditors regarding financial statements of the Issuer; and</li></ul> <p>any other Event of defaults as may be set out in the transaction documents</p>
<b>Other clauses</b>	<p>Other provisions relevant for issuances of this nature of this nature including all financial covenants, information related covenants, undertakings, and representations and warranties customary for a financing of this nature to be agreed between the Obligors and the Investor.</p>
<b>Cost &amp; Expenses</b>	<p>All costs and expenses (including due diligence costs, stamp duty costs, debenture trustee fees, registrar fees, escrow agent fees, any other cost related to post monitoring diligence, inspection etc.) to be borne by the Borrower.</p>



# ELECTROMECH MARITECH PRIVATE LIMITED

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**Yours faithfully,**

For Electromech Maritech Private Limited

Vijaya Kumar Yaram  
(Director)

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