

**Term sheet for private placement of Unsecured, Listed, Rated NCDs of Nabha Power Limited**

<b>Issuer /Company</b>	Nabha Power Limited (NPL)
<b>Sponsor</b>	Larsen & Toubro Limited (L&T)
<b>Guarantor</b>	Larsen & Toubro Limited (L&T)
<b>Instrument</b>	Unsecured Rated Listed Redeemable Non-Convertible Debentures ("NCDs" or "Debentures")
<b>Issue Objects</b>	<p>Proceeds from the issue of NCDs may be used for capital expenditure, debt refinancing, augmenting long-term working capital requirement of NPL or for any other purposes which are eligible for bank finance.</p> <p>The proceeds shall not be utilized for:-</p> <ul style="list-style-type: none"> <li>Any speculative purposes or any other purpose for which bank finance is prohibited by RBI</li> <li>Investments in Real Estate Sector; or</li> <li>Capital market activities</li> </ul>
<b>Issue Size</b>	Rs.1100,00,00,000/- (Rs. One thousand one hundred crores only )
<b>Face Value</b>	Rs. 10,00,000/- per NCD
<b>Redemption Date</b>	15 April 2021
<b>Coupon</b>	8.06% p.a.
<b>Coupon Payment Dates</b>	15 April 2020 15 April 2021
<b>Call Option</b>	Any time on or after 24 Sep 2019 on the occurrence of a Call Option Exercise Event
<b>Call Option Exercise Event</b>	<p>The Call Option shall become exercisable only if any of the following events have occurred</p> <ol style="list-style-type: none"> <li>The shareholding of the Sponsor in the Issuer falls below 50%</li> <li>The Sponsor ceases to have management control of the Issuer</li> <li>Definitive agreement for transfer of shares of the Issuer has been signed between the Promoter Group and a proposed buyer which leads to one of the above 2 conditions</li> </ol>
<b>Call Option Notice Period</b>	The Issuer will give a notice period of 30 days before exercise of the Call Option
<b>Call Option Exercise Yield</b>	<ol style="list-style-type: none"> <li>In case the Call Option is exercised between 24 September 2019 and 16 October 2020 (both dates inclusive), the Issuer would exercise the Call Option and buyback/redeem the Debentures at the First Call Option Yield in accordance with the Call Option Formula as given in Annexure I</li> <li>In case the Call Option is exercised on or after 17 October 2020, the Issuer would exercise the Call Option and buyback /redeem the Debentures at the Second Call Option Yield in accordance with the Call Option Formula as given in Annexure I</li> </ol>
<b>First Call Option Yield</b>	Linear Interpolation between the two Benchmark yields, for tenors which are closest to the balance tenor of the Debentures, as reflected in Bloomberg "BCOP" "Reference

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	Yield Matrix" or equivalent page for AAA (PSUs) at 5.00 pm, 3 business days before the payment due date. The buyback price to be calculated is basis FIMMDA convention
Second Call Option Yield	Benchmark yield, for a tenor which is closest to the balance tenor of the Debentures, as reflected in Bloomberg OTC Money Markets "CDs PSU Bank" or equivalent page at 5.00 pm, 3 business days before the payment due date. The buyback price to be calculated is basis FIMMDA convention
Put Option	Nil
Credit Rating	"ICRA AAA(SO)" (expected) NPL to provide latest letter and rationale from Credit Rating Agency supporting the above mentioned credit rating.
Day Count	Actual / Actual Interest payable on the Debentures will be calculated on the basis of actual number of days elapsed in a year of 365 or 366 Days as the case may be.
Corporate Guarantee	Unconditional, irrevocable & continuing Corporate Guarantee from the Guarantor for the timely payment of all payment obligations, including the interest, principal and other dues, under the NCDs
Invocation of Corporate Guarantee	In case of 'Funding Shortfall Event', the Debenture Trustee will invoke the Corporate Guarantee by giving notice, through fax/email to Guarantor on the same day as the 'Funding Shortfall Event' and which is deemed to be received on the same day as sent by the Debenture Trustee. The Guarantor will then fund the designated account within day 1 (one) business days of receiving such notice.
Funding Shortfall Event	A 'Funding Shortfall Event' shall be deemed to have occurred if the Designated Account is not funded with interest, redemption proceeds & any other amount due under the NCDs by 4.00 pm, 2 (Two) business days before the respective due date.
Default Interest	In the event of delay in the payment of interest amount and/ or redemption of principal amount on the due date(s) or on in the event of delay in listing of NCDs beyond 20 days from the Deemed Date of Allotment, the Issuer shall pay penal interest as per provisions of SEBI (Issue & Listing of the Debt Securities) (Amendment) Regulation 2012
Arranger	ICICI Bank Limited
Fee	Rs. 64,50,000 /- plus applicable tax
Interest on Application Money	At the Coupon Rate (subject to deduction of tax of source, as applicable) from the date of realization of cheque(s) / demand draft(s) up to one day prior to the Deemed Date of Allotment.
Documentation	1. Information Memorandum 2. Debenture Trustee Agreement 3. Corporate Guarantee
Listing	On the Wholesale Debt Market segment of NSE and / or BSE
Record Date	The 'Record Date' for the Debentures shall be 15 calendar Days prior to each interest payment and/ or principal repayment date.

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Mumbai

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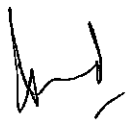
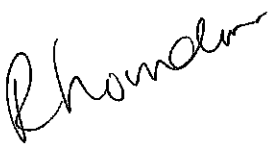
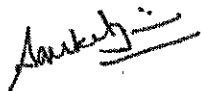

	<p>Issuer would need to fund the Designated Account by 4:00 pm 2 (two) business days before the Accelerated Payment Date. Failure to pay shall constitute "Funding Shortfall Event" and lead to Invocation of Corporate Guarantee.</p> <ul style="list-style-type: none"> <li>Further in case the accelerated redemption is not made by the Accelerated Payment Date, penal interest of 2% over and above the coupon would be charged to the Issuer for the defaulting period and shall be payable on a monthly basis.</li> <li>Enforcement of security, if any and any other recourse under law against Issuer and, if the Guarantor fails to pay upon invocation of the guarantee, the Guarantor.</li> </ul>
Conditions Precedent to the Issue	<p>Including but not limited to</p> <ul style="list-style-type: none"> <li>An up-to-date certified true copy of the memorandum and articles of association, certificate of incorporation and certificate of commencement of business of the Issuer</li> <li>Board resolutions of the Issuer for issuance of the Debentures and of Guarantor for issuing Guarantee.</li> <li>A certified true copy of the special resolution of the shareholders of the Issuer approving the private placement of the Debentures under Rule 14 (2) (a) of the Companies (Prospectus and Allotment of Securities) Rules, 2014.</li> <li>A certificate from the Company Secretary of the Company confirming that the issue of the Debentures together with the existing borrowings of the Issuer will not breach any borrowing or similar limit binding on the Issuer or its Board, including pursuant to the special resolution of the shareholders of the Issuer under section 180 (1) (c) of the Companies Act, 2013.</li> <li>A certified true copy of the financial statements of the Issuer for the year ending 31 March 2018</li> <li>Signed copy of latest financial statements of the Issuer</li> <li>A copy of the Board resolution of the Guarantor for issuance of guarantee in respect of the Debentures, as: (i) the Issuer is a wholly owned subsidiary of the Guarantor and (ii) the proceeds raised from the issue of Debentures (for which the Guarantee is given by the Guarantor) will be utilized for its 'principal business activities'.</li> <li>The Issuer shall appoint a debenture trustee and registrar and transfer agent</li> <li>Rating letter (not older than one month) and rating rationale from ICRA</li> <li>The Issuer shall arrange for listing of the Instrument on the wholesale debt market segment of NSE, with in principle listing approval from NSE to be obtained beforehand.</li> <li>A copy of the letter received from the Debenture Trustee providing its consent to act as the debenture trustee in connection with the issue of the Debentures.</li> <li>Execution of the Guarantee and the Debenture Trustee Agreement.</li> </ul>
Conditions Subsequent	<p>Including but not limited to:</p> <ul style="list-style-type: none"> <li>No later than 30 (thirty) days from the date of allotment, the Issuer shall provide to the Debenture Trustee (for the benefit of the Debenture Holders), a certified copy of the return of allotment of securities in form PAS-3 (as prescribed under the Companies (Prospectus and Allotment of Securities) Rules, 2014)) filed with the</li> </ul>



<p><b>Designated Account</b></p>	<p>Account of the Issuer with a scheduled commercial bank, wherein the interest &amp; redemption proceeds for all debentures shall be credited by Issuer. In case of Invocation of Corporate Guarantee, the Guarantor shall make payments into the Designated Account.</p> <p>The Issuer shall fund the Designated Account with the interest and/or redemption proceeds and / or any other dues, as appropriate, 2 (two) business days prior to the payment due date for interest, redemption proceeds payment dates and/or any other dues (hereafter referred to as Payment Mechanism).</p>
<p><b>Event of Default</b></p>	<p>The Trustee at its discretion may, and if so required in writing by the holders of not less than 75% in principal amount of the Debentures then outstanding or if so directed by an Extraordinary Resolution shall (subject to being indemnified and/or secured by the Debentures holders to its satisfaction), give notice to the Issuer that the NCDs are, and they shall accordingly thereby become, due and repayable if any of the events listed below (each, an "Event of Default") has occurred.</p> <ol style="list-style-type: none"> <li>1. Payment Default defined as delay or default in payment of interest, principal or any other charges payable by the Issuer and/or Guarantor on the respective due date of payment, under the Debentures, of such interest and/ or redemption proceeds and/or any other amount due;</li> <li>2. Breach of material covenants by Issuer and/or Guarantor under the various transaction documents and such breach is not cured within 60 days.</li> <li>3. Subject to materiality, any representation or statement made by Issuer/ Guarantor under any of the transaction documents having been found to be incorrect by Debenture Trustee, and not cured within 60 days</li> <li>4. Any amount equal to or exceeding Rs. 50 crores payable by the Issuer under any other financing document executed by the Issuer in relation to its indebtedness is not paid when due and becomes due and payable before its normal maturity by reason of a default or event of default under such financing document, and such default continues for a period of 60 days</li> <li>5. Any amount equal to or exceeding Rs. 50 crores payable by the Guarantor under any other financing document executed by the Guarantor in relation to its indebtedness is not paid when due and becomes due and payable before its normal maturity by reason of a default or event of default under such financing document, and such default continues for a period of 60 days</li> <li>6. Issuer / Guarantor taking any corporate action or any other steps, or commencement of any legal proceedings by any person, for its winding-up, liquidation, or dissolution, which have not been stayed by an appropriate Court of law within a period of 180 days.</li> </ol>
<p><b>Consequences of Event of Default</b></p>	<ul style="list-style-type: none"> <li>On occurrence of any Event of Default, the Debenture Trustee may accelerate all amounts due under the Instrument (subject to consent from minimum 75% of the debenture holders). Accelerated Payment Date, in such an event, would be defined as 10 (ten) business days from the date of issuance of acceleration notice by the Debenture Trustee by email/fax, assumed to be received on the same day.</li> </ul>

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	<p>registrar of companies along with a complete list of the Debenture Holders containing:</p> <ol style="list-style-type: none"> <li>the full name, address, PAN and e-mail id of the Debenture Holders;</li> <li>class of securities held;</li> <li>date of allotment of the Debentures; and</li> <li>the number of Debentures held, nominal value and amount paid on the Debentures.</li> </ol> <ul style="list-style-type: none"> <li>The Issuer shall take all steps to ensure the listing of the Debentures on the NSE/BSE.</li> <li>Any other actions required to be completed as conditions subsequent under the terms of the Debenture Trust Deed or the other Debenture Documents.</li> </ul>
Issue Opening Closing & Deemed Date of Allotment	<p>Issue Opening Date: 24th June 2019  Issue Closing Date: 24th June 2019  Deemed Date of Allotment : 25th June 2019</p>
Mode of Issue	Private Placement
Force Majeure	<p>The Issuer understands that this term sheet is contingent on the assumption that from the date of the provision of this term sheet to the Deemed Date of Allotment, there is no material adverse change in the financial conditions of the Issuer and Indian debt markets which in the reasonable opinion of the Investor would make it inadvisable to proceed with the issue. In case of such material adverse change, the terms may be renegotiated to the mutual satisfaction of the Investor and the Issuer.</p>
Governing Law	<p>The Debentures are Governed by and shall be construed in accordance with the Indian laws. Any dispute arising thereof will be subject to the non-exclusive jurisdiction of Mumbai (unless otherwise specified in the respective Debenture documents)</p>

For Nabha Power Limited	For ICICI Bank Limited
 	 <p>SANKET JAISWAL</p> 

## ANNEXURE I

### CALL OPTION FORMULA

Formula for calculation of redemption amount on exercise of call option =  $P (1+C*N/365) / (1+Y*T/365)$

Where:

P = Principal

C = Coupon Rate in %

N = Maturity Date – Last interest payment date

Y = Call Option Exercise Yield

T = Maturity Date – Repayment date for call exercise

#### Example 1

P	1,000,000.00
C	8.06%
Call Date *	30-Jun-20
Prior Interest Payment Date	15-Apr-20
Maturity Date	15-Apr-21
Y ^	7.50%
N = Maturity Date – Last interest payment date	1
T = Maturity Date – Repayment Date of Call	0.7918
Redemption Amount (Total Consideration)	1,020,027.15

#### Example 2

P	1,000,000.00
C	8.06%
Call Date *	31-Jan-21
Prior Interest Payment Date	15-Apr-20
Maturity Date	15-Apr-21
Y ^	7.00%
N = Maturity Date – Last interest payment date	1
T = Maturity Date – Repayment Date of Call	0.2027
Redemption Amount (Total Consideration)	1,065,478.96

\*30 days from Call notice

^Benchmark Yield which is 3 business days prior to Call Date

*Chander - Akshay*

