

Term Sheet

Security Name	7.87% APL Apollo Tubes Limited 2018
Issuer	APL Apollo Tubes Limited
Sponsor / Promoter	Sanjay Gupta & Ashok K Gupta
Sole Arranger	ICICI Securities Primary Dealership Limited
Type of Instrument	Secured, Rated, Listed, Redeemable, Non-Convertible Debentures ("Debenture"/NCD)
Nature of Instrument	Secured
Seniority	Senior
Mode of Issue	Private Placement
Eligible Investors	Only those investors when specifically contacted are eligible to invest in these NCDs
Listing (including name of stock exchange(s) where it will be listed and timeline for listing)	On WDM Segment of BSE Limited or NSE Limited In case of delay in listing of the debt securities beyond 20 (Twenty) days from the Deemed Date of Allotment, the Company will pay penal interest of atleast 1 % (One Percent) p.a. over the Coupon rate from the expiry of 30 (Thirty) days from the Deemed Date of Allotment till the listing of the Debentures.
Rating of the Instrument	CRISIL AA- stable (pronounced as CRISIL AA Minus Stable), by CRISIL Limited
Issue Size	Rs. 75 crores (Rupees Seventy Five Crores Only)
Option to retain oversubscription (amount)	Not applicable
Objects of the issue	To raise debt to the extent of Rs. 75,00,00,000/- (Rupees Seventy Five Crores Only) which shall be utilized as set out in the row titled 'Details of the utilization of the Proceeds' below
Details of the utilization of the proceeds	The monies raised from the issuance of the Debentures, shall be utilized solely for (i) repayment of existing term debt, (ii) for capital expenditure (iii) long term working capital requirements and (iv) general corporate purposes. The proceeds from the issuance shall not be utilized for investment in capital markets, real estate or other activities prohibited by RBI
Coupon Rate	7.87% p.a. payable on the maturity date (single payment). The above payment shall be payable along with Principal on the maturity date. In case, the payment date is a holiday, the principal + interest shall be payable on the previous working day. <u>Payments on Redemption date per debenture to be as under:</u> Principal : 10,00,000 Coupon : 78,916

For APL Apollo Tubes Ltd.

Deepak Goyal
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Chief Financial Officer

APL Apollo Tubes Limited (CIN-L74899 DL 1986PLC023443)

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Unit - I : A-19, Industrial Area, Sikandrabad, Distt. Bulandshahar, U.P.-203205 India Unit - II : 332-338, Alur Village, Perandapalli, Hosur, Tamilnadu-635109 India
e-mail : info@aplapollo.com Website : www.aplapollo.com

	Total : 10,78,916
Fees payable to Sole Arranger	Flat fee of Rs.5 Lacs plus applicable taxes
Step Up/Step Down Coupon rate	The Coupon Rate will increase in the event of credit rating downgrade, as more particularly described in "Rating Covenant" in the summary terms set out in this Section.
Coupon payment frequency	One year One Day (on maturity Date)
Coupon payment dates	September 14, 2018
Coupon Type	Fixed Coupon
Coupon Reset Process (Including rates, spread, effective date, interest rate cap and floor etc.)	NA
Day Count Basis	Actual /Actual
Interest on Application Money	At the coupon rate, (subject to deduction of tax of source, as applicable) from the date of realization cheque(s) / demand draft(s) / date of receipt of funds up to one day prior to the Deemed Date of Allotment.
Default Interest Rate	In the event of a payment default of the amounts due under this Issue (whether by way of acceleration, at maturity or otherwise), the Issuer shall pay an additional interest of 2% (Two Percent) per annum over and above the applicable Coupon Rate on the outstanding principal amount of the Debentures, calculated from the date of the occurrence of the default until such default is cured or the Debentures are redeemed pursuant to such default, as applicable.
Tenor	12 Months and One Day from the deemed date of allotment
Redemption Date	September 14, 2018
Redemption Amount	Rs.75,00,00,000/- (Rupees Seventy Five Crores only) payable on the Principal Payment Date, together with accrued Coupon in relation thereto.
Redemption Premium /Discount	NA
Issue Price	Rs.10,00,000/- (Rupees Ten Lakhs only) per debenture.
Discount at which security is issued and the effective yield as a result of such discount	Not Applicable
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
Face Value	Rs. 10,00,000/- (Rupees Ten Lakhs) per instrument
Minimum application and in multiples of	The minimum application size for the Issue shall be 1 (One) Debenture and in multiples of 1 (One) thereafter.
Issue Timing	
1. Issue Opening Date	September 13, 2017
2. Issue Closing Date	September 13, 2017
3. Pay-in Date	September 13, 2017
4. Deemed Date of Allotment	September 13, 2017
Issuance mode of the Instrument	Demat only

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Trading mode of the Instrument	Demat only
Settlement mode of the Instrument	Cheque / Demand Draft / Pay Order / Direct Credit / ECS / NEFT / RTGS / other permitted mechanisms
Depository	NSDL & CDSL
Business Day Convention	<p>In case the date for performance of any event or any Coupon Payment Date falls on a day which is not a Business Day the payment to be made on such Due Date or the due date for such performance of the event shall be made on the next Business Day, except where the Redemption Date, the Call Option Date (if any), the Put Option Date (if any) and/or the Accelerated Put Option Date, falls on a day which is not a Business Day, in which case all payments to be made on such dates (including accrued Coupon) shall be made on the immediately preceding Business Day.</p> <p>Business Day shall mean any day of the week (excluding Saturdays, Sundays and any day which is a public holiday for the purpose of Section 25 of the Negotiable Instruments Act, 1881 (26 of 1881)) on which the money market is functioning in Mumbai and "Business Days" shall be construed accordingly;</p>
Record Date	The date which will be used for determining the Debenture Holders who shall be entitled to receive the amounts due on any due date, which shall be the date falling 15 (Fifteen) days prior to each coupon payment/put option date(if any)/call option date (if any)/Redemption date in respect of the Debentures.
Security (including description, type of security, type of charge, like date of creation of security, minimum security cover, revaluation, replacement of security)	<p>The Debentures are proposed to be secured by (i) first ranking pari-passu charge on all rights, title, interest possessed by the Company arising out of the rights vested in the Company in relation to the (i) plot no. A-19, A-20, situated at Sikandrabad Industrial Area, District Bulandshahar, Uttar Pradesh, (ii) plot no. 332 to 338, Alur Village, Perandapalli, Hosur, Tamil Nadu and (iii) Khasra no. 215,223/1, 225/7-8, 227/4, 231/2, 217/1-2 (pt), 231/6 (pt) admeasuring 3.172 hectare, situated at Village Bendri, Tehsil-Raipur, District-Raipur (Chhattisgarh) and (ii) hypothecation on moveable assets of the Company located on the immoveable properties referred to above.</p> <p>The Security is to be created on the Secured Assets within a period of 90 (Ninety) days from the Deemed Date of Allotment. If the Security is not created with 90 (Ninety) days from the Deemed Date of Allotment, then Company will be bound to, at the option of the Debenture Holders: (i) refund the subscription money with agreed Coupon rate; or (ii) pay penalty of at least 2% (Two Percent) p.a. over the Coupon rate from the expiry of 90 (Ninety) days from the Deemed Date of Allotment till the conditions for creation of Security is complied with.</p> <p>The security cover expected to be provided by the Secured Assets is 1.5 (One Decimal Point Five) times the aggregate of the Debenture Outstandings.</p>

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	<p>In this regard, the Company shall prior to the date on which the security is created (i.e., prior to 90 days from Deemed Date of Allotment) provide relevant title search and valuation reports in respect of the Secured Assets.</p>
Transaction Documents	<ul style="list-style-type: none"> ▪ this Information Memorandum and PAS 4 documents ▪ Debenture Trustee Agreement; ▪ The Debenture Trust Deed; ▪ Documents executed in connection with creation of the mortgage or for recording the creation of the mortgage; ▪ Deed of Hypothecation; ▪ Rating Letter and Credit Report from the Rating Agency; ▪ Letter of appointment of Registrar and Transfer Agent; ▪ Listing Agreement with BSE; and <p>Any other documents that may be designated by the Debenture Trustee as a Transaction Document.</p> <p>A final / executed copy of the same shall be provided to Sole Arranger either hard copy or through email.</p>
Conditions Precedent to Disbursement	<ol style="list-style-type: none"> 1. A certified true copy of the constitutional documents of the Company (being its memorandum and articles of association and certificate of incorporation) should have been submitted to the Debenture Trustee which has been duly amended in the form and manner satisfactory to the Debenture Trustee. 2. A copy of a resolution of the shareholders of the Company should have been submitted to the Debenture Trustee. 3. A copy of a resolution of the board of directors of the Company should have been submitted to the Debenture Trustee. 4. Execution of this Information Memorandum. 5. Valid rating letter and detailed credit opinion from the Rating Agency. 6. Appointment of Debenture Trustee. 7. No Event of Default has occurred and is continuing and no such event or circumstance will result as a consequence of the Company performing any obligation contemplated under the Transaction Documents. 8. There is no material adverse effect and there is no

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	<p>circumstances existing which could give rise, with the passage of time or otherwise, to a material adverse effect on the Issuer.</p> <p>9. A certificate issued by an independent Chartered Accountant certifying that there are no proceedings or claims for the recovery of any Tax pending against the Company including without limitation any income tax proceedings requiring it to obtain the consent of the Assessing Officer under Section 281(1) of the Income Tax Act, 1961 for the purpose of creating the security interests in terms of Transaction Documents;</p> <p>10. Appointment of Registrar and Transfer Agent</p> <p>11. Execution of Transaction Documents duly stamped as applicable (except Debenture Trust Deed, Deed of Hypothecation and documents executed in connection with creation of mortgage or recording the creation of the mortgage).</p> <p>12. Such other conditions as mutually agreed</p>
Conditions Subsequent to Disbursement	<p>1. The Company shall ensure that within a period of 30 (Thirty) days from the date of creation of the security, the relevant security provider shall file the relevant forms with the Registrar of Companies, as required under the provisions of the Act or other statutory body/authority as may be required under the applicable law for the purposes of recording the creation of the relevant security interest.</p> <p>2. The Company shall obtain an end use certificate from an independent Chartered Accountant within 30 (thirty) days from the date of receipt of Subscription Money for the issue of the Debentures confirming the end use.</p> <p>3. The Company shall maintain a complete record of this Information Memorandum in Form PAS-5 as prescribed under the Companies (Prospectus and Allotment of Securities) Rules, 2014 as per the applicable law.</p> <p>4. Execution of the Debenture Trust Deed, Deed of Hypothecation and documents executed in connection with creation of mortgage or recording the creation of the mortgage, to be completed within 90 (Ninety) days from the Deemed Date of Allotment.</p> <p>5. The Company shall undertake to complete all formalities and pay all fees in relation to listing of the Debentures on the BSE within 7 (Seven) Business Days from the Deemed Date of Allotment.</p> <p>6. Such other conditions as mutually agreed</p>
Events of Default	Such events of default as is standard for an issuance of this

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	<p>size and nature, including the following</p> <ol style="list-style-type: none"> 1. Failure to pay the amounts due under the NCDs. 2. Failure for Security Perfection within the stipulated time. 3. Breach of any Covenant and/or term of the NCDs. 4. Failure to List or cessation of listing of NCDs. 5. Any material adverse event, as defined in Transaction Documents. 6. Unlawfulness or Unenforceability of transaction documents, finance or security. 7. Breach of any Representations & Warranties. 8. Any reference to the NCLT under the Insolvency and Bankruptcy Code, 2016, which is not dismissed within 15 working days
Provisions related to Cross Default Clause	Any Financial Indebtedness of the Company is not paid when due and the applicable cure period has lapsed without the Company remedying the same.
Role and Responsibilities of Debenture Trustee	<ol style="list-style-type: none"> 1. The Debenture Trustee shall hold and accept the security interest including the mortgage for and on behalf of the Debenture Holders. 2. The Debenture Trustee shall enter into / issue / acknowledge / confirm any agreements / deeds / letters / forms with the Company or any other entity identified by the Company for creation, perfection of the security interests or any other agreements for and on behalf of and for the benefit of the Debenture Holders. 3. Such other role and responsibilities as more particularly described in the Debenture Trust Deed.
Governing Law and Jurisdiction	The Debentures and the terms thereof will be governed by and construed in accordance with the laws of India and any disputes in relation thereto shall be subject to the jurisdiction of courts and tribunals in Delhi.
Covenants	<p>The Transaction Documents shall contain the following covenants, as more particularly mentioned in the Debenture Trust Deed:</p> <p>Management and shareholding covenants:</p> <ol style="list-style-type: none"> 1. The Company shall ensure that there shall be no change in Management Control of the Company. 2. The Company shall ensure that at all times the Promoters hold at least 35% (Thirty Five Percent) of the equity shareholding in the Company, taken on a fully diluted basis. <p>Financial Covenants:</p> <p>During the tenor of the Debentures following financial covenants shall be applicable on consolidated basis as under:</p>

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Ratio of Financial indebtedness to Tangible net worth shall not exceed 1.50 where,

Financial Indebtedness shall include, in relation to the Issuer:

- (i) monies borrowed;
- (ii) any amount availed of by acceptance of any credit facility;
- (iii) any amount raised pursuant to the issuance of any notes, bonds, shares (whether redeemable or otherwise), debentures, loan stock or any other similar securities or instruments;
- (iv) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with generally accepted principles of accounting in India, be treated as a finance or capital lease;
- (v) any financing against receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (vi) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (vii) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
- (viii) any obligations under a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution;
- (ix) (without double counting) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (i) to (viii) above.

And

Tangible Net-worth shall mean Total Shareholders Fund Excluding Revaluation Reserves

Minimum Debt Service Coverage Ratio of 1.20 to be maintained where,

$$DSCR = \frac{\text{PAT} + \text{non cash expenses} + \text{interest}}{\{(\text{Interest} \& \text{Financial Charges on total Financial Indebtedness} + \text{Term Loan Repayments in next Financial year})\}}$$

Ratio of the Financial indebtedness to EBITDA shall not exceed 4 where

EBITDA = Earnings before Interest, Actual Direct Tax Paid and Depreciation (and Amortisation)

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	<p>Financial Covenants To be tested annually based on the annual audited results and on a consolidated basis</p> <p>Rating Covenants</p> <p>In the event long term rating assigned to the Debentures / Issuer by any SEBI registered rating agency is downgraded (as evidenced by press release on the rating agency's website or otherwise) and so long as the rating is A or above, the Debenture Trustee shall (acting on the instructions of the Majority Debenture Holders) determine whether to require the Company to accelerate the redemption of all outstanding principal and coupon due on the debenture or to continue the debentures with a step up. In the case of acceleration, the Debenture Trustee shall (acting on the instructions of the Majority Debenture Holders) be entitled to require the Company to accelerate the redemption of all outstanding principal and coupon due on the debenture by sending a written notice to the Company in this regard. In the case of continuation, the coupon rate on the Debentures shall increase by 25 bps for every notch of downgrade by any SEBI registered Rating Agency. Such increase in coupon rate will be effective from the date of such downgrade to maturity.</p> <p>Without prejudice to the above, in the event that long term rating assigned to the Debentures / Company by any SEBI registered rating agency falls below A (as evidenced by press release on rating agency website or otherwise), the Debenture Trustee shall (acting on the instructions of the Majority Debenture Holders) be entitled to require the Company to accelerate the redemption of all outstanding principal and coupon due on the debenture by sending a written notice to the Company in this regard.</p> <p>51% or above of the Debenture Holders (in value terms) shall constitute Majority Debenture Holders.</p>
Expenses	All expenses related to the issue including but not limited to costs relating to stamp duty, legal fee, credit rating charges and other expenses will be to the account of the Issuer.
Taxes and Deductions	All payments to be made by the Issuer to a holder of a Debenture shall be made free and clear of and without any Tax Deduction/with-holding, unless the Issuer is required to make a Tax Deduction/with-holding by law, in which case the Issuer shall make that Tax Deduction in accordance with the Tax Act and deliver to that holder a tax deduction certificate in the format prescribed under the Tax Rules and within the time prescribed under the Tax Rules. Stamp taxes and value added taxes (including service tax) payable in connection with

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	the Debenture Documents are for the account of the Issuer.
Representations and Warranties	<p>The Transaction Documents shall contain the following representations and warranties by the Issuer, as more particularly mentioned in the Debenture Trust Deed :</p> <ul style="list-style-type: none"> • Status • Binding obligations • Non- conflict with other obligations • Power and authority • Validity and admissibility in evidence • Certified copies • Governing law and enforcement • No filing • Compliance with tax laws • Projects • No misleading information • Financial statements • No proceedings pending • Insolvency • Security • Transaction Documents • No immunity • Miscellaneous • No material adverse change • Listing • Audited/unaudited financial accounts

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