

Terms and Conditions

Issuer / Borrower	Adani Ports and Special Economic Zone Limited
Type of Instrument	Rated, Secured, Taxable, Listed, Redeemable Non-Convertible Debentures ("NCDs" or "Issue") with terms and conditions specified in this term sheet and the documents executed/issued pursuant to this Term sheet (the 'Issue Documents')
Nature of Instrument	Secured
Seniority	Senior Debt
Mode of Issue	Private placement basis to Eligible Investors
Eligible Investors	<ul style="list-style-type: none"> • Companies, Body Corporate and Societies, authorized to invest in debentures. • Insurance Companies and Trusts authorized to invest in Bonds. • Commercial Banks, Financial Institutions, Co-operative Banks, Regional Rural Banks etc • Non-Banking Finance Companies and Residuary Non-Banking Finance Companies • Mutual funds • Provident Fund, Chit Funds • SEBI registered foreign institutional investors ("FIIs") and sub-accounts of FIIs <p>Any other investor authorized to invest in these bonds.</p>
Listing	To be listed on Bombay Stock Exchange within 15 days from the Deemed Date of Allotment. The Issuer shall ensure that the NCDs are listed on the Wholesale Debt Market segment of the BSE Limited as early after Deemed Date of Allotment as practicable and in any event within 15 days of the Deemed Date of Allotment. The Issuer shall be responsible for the costs of such listing of the NCDs.
Rating of the Instrument	AA+ by ICRA ("Rating Agency")
Issue Size	INR 500 Crs
Objects of the Issue	<p>The funds raised through this Issue will be utilized for capital expenditure, working capital purpose, and repayment of existing loans.</p> <p>Company undertakes that proceeds of the present Issue shall not be used for any purpose which may be in contravention of the regulations/ guidelines/ norms issued by the RBI/ SEBI/ RoC/ Stock Exchange</p>
Coupon Rate	9.15% p.a. Fixed
Coupon Payment Frequency	Annual
Coupon Type	Fixed

Form of Issue:	Dematerialised Form – by credit to the account of the Eligible Investor(s) with [National Securities Depositories Limited] [and / or] [Central Depository Services Limited] (together the “Depositories”).
Day Count Basis	Actual/ Actual
Default Interest Rate	<p>Without prejudice to the other rights of the Debenture Trustee,</p> <p>a) In case of default of payment of interest and / or principal redemption on the due date, additional interest @ 2% p.a. over the coupon rate will be payable by the Issuer from the date of the occurrence of such default until the default is cured or the Debentures are redeemed pursuant to such default, as applicable;</p> <p>b) In case of non-creation/perfection of Security within the stipulated time frame, additional interest @ 2% p.a. over and above the coupon rate would be payable by the Issuer from the date of the expiry of the stipulated timelines until the security is created/perfected, as applicable, to the satisfaction of the Debenture Trustee;</p> <p>c) In case of delay in listing of the debt securities beyond 15 days from the Deemed Date of Allotment, the Issuer will pay additional interest of at least 1 % p.a. over the coupon rate from the expiry of 15 days from the Deemed Date of Allotment till due listing of such NCDs</p>
Settlement Mode	<p>Credit to the account of the Investor(s) with their respective Depositories.</p> <p>The Issuer shall appoint a registrar and transfer agent (the “RTA”) and shall enter into a tripartite agreement between the Depositories, the RTA and the Issuer. The Issuer shall be responsible for the costs of such dematerialization.</p>
Business Days	A day (other than Sunday or a bank holiday) on which banks and stock exchanges are open for general business in Mumbai and in relation to any payment in any other city, such other city
Effect of Holidays	<p>If any of the Coupon Payment Dates (other than Redemption Date) is not a Business Day, interest will be payable on the next succeeding Business Day. Such payment on the next Business Day would not constitute non-payment on due date.</p> <p>If the Redemption Date is not a Business Day, Redemption Amount will be payable on the immediately preceding Business Day and in such event the Redemption Date shall mean the date on which the</p>

	Debentures are actually redeemed by the Company.
Arranger	YES Bank Ltd.
Tenor	13 Months from the Deemed Date of Allotment
Interest Payment Dates	1 st Interest Payment: 29 th April 2016 2 nd Interest Payment: 28 th April 2017
Redemption Date	28 th April 2017
Redemption Amount	Rs. 500 Crores (Rs. 10 lakhs per Debenture)
Redemption Premium /Discount	NIL
Issue Price	At Par
Face Value	Rs 10 lakhs per instrument for all the Issues
Minimum Application	5 Debentures and in multiple of 1 thereafter
Issue Opening Date	29 th March 2016
Issue Closing Date	29 th March 2016
Pay-in Date	29 th March 2016
Deemed Date of Allotment	29 th March 2016
Issuance mode of the Instrument	Demat only
Trading mode of the Instrument	Demat only
Depository	NSDL and / or CDSL
Record Date	7 days prior to each Coupon date and redemption date
Investor Legal Counsel	Mutually agreed legal counsel between Issuer and Arrangers. Cost of the Legal Counsel to be borne by the Issuer.
Security /Security Description	<p>First ranking pari passu charge on the identified fixed assets so as to provide a fixed asset cover of 1.10x.</p> <p>The Company shall execute all relevant documents (including the Trust Deed) and create and perfect security for the Debentures within a period of 180 days from the Deemed Date of Allotment. Provided, however, that the drafts of the Debenture Trust Deed and the other Issue Documents (including Security Documents) need to be finalized prior to the Deemed Date of Allotment.</p> <p>Debenture Trust Deed will be executed and Security will be created within 90 days as per SEBI Guidelines; however the issuer is permitted to perfect the security with 180 days from the date of allotment.</p>
APSEZ Group	Refers to APSEZ and all subsidiaries of APSEZ

Financial Covenants	<ol style="list-style-type: none"> 1. DSCR > 1.10x; 2. Net Gearing (Total Net debt / Tangible Networth) < 3x <p>The Financial Covenants to be tested annually on the consolidated financial statements for each twelve month financial year period (each a "Relevant Period")</p> <p>"Debt" shall mean, at any time, the aggregate outstanding principal, capital or nominal amount (and any fixed or minimum premium payable on prepayment or redemption) of the financial indebtedness of the Borrower including without limitation all long term and short term debt, secured and unsecured debt, any convertible instruments which are capable of redemption prior to the Final Maturity Date, and guarantees (excluding any guarantee on which the APSEZ Group has been indemnified by a Person outside of the APSEZ Group which has an effect under GAAP of removal of this guarantee as contingent liability) and indemnities given by the Borrower to financial institutions for financial indebtedness to entities other than its subsidiaries or joint ventures.</p> <p>"Net Debt" shall mean Debt less any cash and cash equivalents including interest bearing deposits and excluding any restricted deposits or cash pledged as security for any indebtedness.</p> <p>"Tangible Net Worth" shall mean, at any time, the aggregate of the amount paid up on the Borrower's issued share capital, paid up amount on share warrants, share application moneys paid, the amount standing to the credit of the reserves of the Borrower, amounts in respect of deferred infrastructure usage income, Deferred Tax Liability less revaluation reserve, goodwill (but excluding goodwill arising out of acquisition and M&A) and any other intangible assets</p> <p>"DSCR" shall mean for each Relevant Period (i) PAT plus depreciation plus interest expense, divided by (ii) the aggregate of all scheduled repayments and mandatory prepayments of Debt (excluding working capital debt and Debt which is refinanced) and interest on Debt</p>
Restricted Payment Condition	<p>The Issuer will not declare any dividend on its share capital or pay interest on loans / quasi equity from Promoters, associate</p>

	<p>companies and/or strategic investors</p> <ol style="list-style-type: none"> If the Issuer fails to meet its obligations to pay interest and/or installments and/or other monies due to the lenders which shall have become due and as long as it is in such default; or If an Event of Default has occurred and is continuing; or Issuer is not in compliance of the Financial Covenants; or If the Restricted Payments are not permitted under Applicable Laws. <p>The compliance to the Restricted Payment Conditions shall be certified by the Debenture Trustee.</p>
Status	The obligations of the Issuer under the Issue Documentation will constitute direct, senior, secured and unconditional obligations of the Issuer.
Coupon Step-Up/Step-Down	<p>The Coupon Rate shall stand to be increased by 30 bps (0.30%) for every notch of credit downgrade. The coupon rate shall be restored back to earlier level if the rating is upgraded back to earlier respective levels.</p> <p>However, there shall be no further downward revision from the original Coupon Rate of 9.15% p.a. in the event the Credit Rating is upgraded to AAA by all rating agencies.</p>
Promoter	Promoter shall collectively mean and refer to Mr. Gautam S. Adani and Mr. Rajesh S. Adani
Promoter Group	Promoter group means Promoter, or relatives of the Promoter or any company or association of persons controlled by them
Negative Covenants	<p>As customary for a transaction of this nature, applicable as appropriate to the Issuer or as mutually agreed, and to include without limitation:</p> <ol style="list-style-type: none"> No dilution in the shareholding of the Issuer by the Promoter Group below 26% of the paid up equity share capital of the issuer held by the Promoter Group on a fully diluted basis. The Promoter Group shall maintain management Control (As defined under the Companies Act, 2013) over the Issuer throughout the tenor of the Issue. The issuer will not be an NBFC or CIC as per RBI guideline till the time the NCDs are outstanding. The Issuer shall undertake not to create any subsidiary or permit any company to become its subsidiary or enter into any joint ventures, unless the joint

	venture/subsidiary is proposed to be engaged in the line of business as permitted under MOA of the Issuer.
Other conditions	<ul style="list-style-type: none"> • During the tenor of the NCDs the company may change the Rating Agency with prior written consent of the all Debenture Holders; • Other conditions as more particularly detailed in DTD (other than commercial terms)
Transaction Documents	<p>Including but not limited to the following documents:</p> <ol style="list-style-type: none"> 1. Debenture Trust Deed 2. Information Memorandum & PAS-4 3. Deed of Hypothecation 4. Debenture Trustee Appointment Agreement 5. Rating Letter and Rating Rationale 6. Any other documentation as may be desired by the Arranger and mutually agreed with Borrower
Conditions Precedent to Disbursement	<p>The Issuer will complete conditions precedent to the Issue which will include, amongst others, the following in form and substance satisfactory to the Arranger</p> <ol style="list-style-type: none"> 1. Furnished certified copies of the memorandum and articles of association (or equivalent constitutive documents); 2. Board & Shareholder resolutions and other Statutory compliances as advised by the Investor Legal Counsel; 3. Furnished specimen signatures for person(s) authorised in the board resolutions referred to in (b) above; 4. receipt by the Issuer of all relevant consents (corporate, shareholder, regulatory and consents of existing lenders, if any) for issuance of NCD; 5. Debenture Trustee] consent letter; 6. procured and furnished their principal listing approvals from the NSE or BSE Limited 7. KYC of the issuer and signatories 8. Evidence of payment of all fees, costs and expenses stated to be payable upfront by the Issuer under the Issue Documentation;] 9. any other documents that may be required as condition precedent under the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide Circular No. LAD-NRO/GN/2008/13/127878 dated June 06, 2008, Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012 issued vide notification no. LAD-NRO/GN/2012-13/19/5392 dated October 12, 2012 and

	<p>SEBI Circular No. CIR/MD/ DF/18/2013 dated October 29, 2013 Rating letter not more than 30 days old from the date of pay-in and rating rationale not more than 180 days older from the date of pay-in from the aforementioned Rating Agency</p> <p>10. Borrowing Power resolution under section 180(1)(c) confirming from the Company Secretary that this NCD issue is within the limits authorized as per section 180(1)(c);</p> <p>11. Any other documents required as per Companies Act 2013 or any other rules and regulations required by RBI/SEBI</p>
Condition Subsequent to Disbursement	<p>The Issuer shall ensure that the following documents are executed/ activities are completed:</p> <ol style="list-style-type: none"> 1. Credit of demat account(s) of the allottee(s) by the number of Bonds allotted 2. Execution of Debenture Trust Deed and other Issue Documents for creation of security within time frame prescribed in the relevant regulations/ act/ rules etc. 3. Listing of NCDs within 15 days from Deemed Date of Allotment 4. End use certificate to be provided within 30 days of Deemed Date of Allotment. 5. Creation and perfection of Security within 180 days from the Deemed Date of Allotment; 6. NOC from existing lenders for creation of Security, if applicable 7. Legal opinions (including opinion confirming enforceability of the Issue Document/ documents related to the Security)
Representations & Warranties	<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. legality, validity, binding effect and enforceability of the Issue Documentation, as applicable 4. Insolvency 5. No misleading information 6. No proceedings pending or threatened except as disclosed as on date of Information Memorandum 7. No material adverse change or event of default 8. Compliance with applicable law 9. Security and financial indebtedness 10. Good title to assets


	<ol style="list-style-type: none"> 11. Transaction documents, disclosures, authorization and other documents. 12. no government or regulatory approvals, or other third party consents required or pending in respect of issuance of debentures 13. The Issuer shall undertake to complete all formalities and pay all fees in relation to listing the NCDs on the exchange within 15 business days from the Deemed Date of Allotment. 14. No violation of law or material agreements; 15. the Issuer and/or any of the Obligor has not be referred to the CDR cell or has not been declared by any of its lenders (past or present) as a non-performing assets, not has the joint lenders' forum been constituted in respect of the Issuer ; 16. the Company has not been declared a willful defaulter; 17. absence of any circumstances or events which would constitute an Event of Default or potential Event of Default by the Issuer; 18. Debentures NCD proceeds being utilized towards bonafide purposes as stipulated in the object of the issue; 19. All information provided in or in connection with the Information Memorandum and the Debenture Documents being true and correct in all material aspects as at the date it was provided or as at the date (if any) at which it is stated ; 20. No event or circumstance that could reasonably be expected to have a Material Adverse Effect; 21. absence of any circumstances or events which would constitute an Event of Default or potential Event of Default by the Issuer; <p>Each of the representations and warranties are deemed to be made by the Company by reference to the facts and circumstances then existing on the date of the Debenture Trust Deed and shall be repeated on the Deemed Date of Allotment, each Coupon Payment Date, each Redemption Date and from the Deemed Date of Allotment, subject to disclosure made by borrower time to time.</p>
Provisions related to Cross Default Clause	Default under any other facility of APSEZ or of its subsidiaries for amounting in excess of INR 50 crores
Material Adverse Effect Clause	"Material Adverse Effect" shall mean the consequence of any event or circumstance which in the sole opinion of the Majority Debenture Holders is or is likely to be: (i) adverse to the ability of the Issuer /company to perform or comply with its obligations under this

	Agreement and/or the other Transaction Documents; or (ii) prejudicial to the businesses, operations or financial condition, properties, assets or prospects of the Issuer/Company
Majority Debenture Holders	Debenture Holder(s) holding an aggregate amount representing not less than 51% of the value of the nominal amount of the Debentures for the time being outstanding.
Events of Default	<p>Events of Default appropriate for an Issue of this nature, including but not limited to:</p> <ol style="list-style-type: none"> 1. Failure to pay the amounts due under the NCDs;(save for technical default which is not remedied within a maximum period of 3 working days) 2. Failure on part of the Issuer to comply with any of its obligations under any Debenture Documents other than outlined above to which it is a party and the same, if capable of remedy, is not remedied within 5 (five) days of failure by the Issuer to comply with such obligations, or a waiver is not obtained by the Issuer from the Debenture Trustee; 3. Invalid security or Security in jeopardy 4. Unlawfulness or unenforceability of security 5. Representations or Warranties are found to be untrue or misleading when made. 6. Any order is passed in respect of Insolvency, Winding Up, or Insolvency Proceedings of Issuer or its subsidiaries; 7. Any application/petition for Winding up of the Issuer, including initiation of any proceedings for winding up or for attachment, which has not be stayed or dismissed within 90 days of initiation of the proceedings. 8. Failure to list or cessation of listing or suspension of trading of the NCDs on the BSE, (save for technical default which is not remedies within a maximum period of 3 working days) 9. breach of any Financial Covenants; 10. Any event or circumstance having a Material Adverse Effect. 11. breach of covenants or other obligations unless a waiver is obtained by the issuer from the trustees, 12. The government of India or any other relevant governmental authority declares a general moratorium or "standstill" in respect of the payment or repayment of any financial indebtedness owed by the Issuer; 13. Any governmental or other authority (whether de jure or de facto) nationalises, compulsorily acquires, expropriates or seizes all or any part of the business or assets of the

	<p>Company</p> <ol style="list-style-type: none"> 14. cross default for indebtedness of the Issuer or any of its subsidiary companies current and future exceeding Rs.50 Crs; 15. change of Control of the Issuer or Subsidiaries which results in passing of the Control to any entity not directly or indirectly controlled by the Promoter Group; 16. enforcement proceedings and attachment of Issuer or Subsidiaries ; 17. cessation of business of Issuer 18. repudiation of Issuer or Subsidiaries 19. unlawfulness of Issuer or Subsidiaries ; 20. material adverse change suspension/revocation/cancellation of any licenses / permits / leases necessary for carrying on the business of the Issuer or asset companies,for which is stay order or approval in not obtained beyond a period of 30 days. 21. Material Adverse Effect; 22. cessation of business of Issuer or Current Subsidiaries or gives notice of their intention to do so; 23. If the Issuer shall without the previous consent in writing of the Debenture Trustee, make any alteration in the provisions of its Memorandum and Articles of Association which might detrimentally affect the interests of the Investors and shall upon demand by the Investors/ Debenture Trustee refuse or neglect or be unable to rescind such an alteration; 24. Security default in the performance of, or breach of any covenant under, any Security documents, any Security documents ceases to be or is not in full force and effect, failure to create and perfect the Security in a form and manner satisfactory to the Debenture Trustee by [180] days from the Date of Allotment, failure to maintain the Security as stipulated under the Debenture Documentation or there is reasonable apprehension that the Security may become unavailable.
<p>Consequence of EOD/ breach of any covenants including any financial covenants :</p>	<p>In case of EOD & breach of any covenants including any financial covenants leading to an EOD, NCD shall become forthwith payable.</p> <p>In addition to above, upon the occurrence of an Event of Default the Debenture Trustee shall have the right, to:</p>

	<p>(a) enforce any Security created pursuant to the Security Documents in accordance with the terms thereof; and/or</p> <p>(b) appoint a nominee director for the Debenture Holders; and/or</p> <p>(c) exercise such other rights and remedies as may be available to the Debenture Trustee under Applicable Law and/or the Financing Documents</p>
Approvals	<p>The Issuer will ensure that all authorisations/regulatory approvals and statutory approvals that pertain to this transaction will be in place prior to the issue of the NCDs, including, without limitation, Trustee consent, and any authorisations or approvals under the Companies Act, 1956/2013, and the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide Circular No. LAD-NRO/GN/2008/13/127878 dated June 06, 2008, Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012 issued vide notification no. LAD-NRO/GN/2012-13/19/5392 dated October 12, 2012 and SEBI Circular No. CIR/MD/ DF/18/2013 dated October 29, 2013, each as amended from time to time, or any other relevant regulation.</p> <p>The Issuer will create a Debenture Redemption Reserve in accordance with relevant regulations.</p>
Additional Amounts / Taxation	<p>All payments shall be subject to tax deduction at source as applicable under the Income Tax Act, 1961, and such tax deduction shall be made by the Issuer unless a tax exemption certificate/document is lodged at the registered office of the Issuer before relevant record date in respect of a Coupon Payment Date, or any other relevant date.</p>
Issue Documentation	<p>Documentation shall be in form and substance customary for transactions of this nature and satisfactory to all parties, including, but not limited to, a Debenture Trust Deed and Placement/Information Memorandum containing conditions precedent, representations and warranties, covenants, events of default, material adverse change, cross default, provision of information on request of any holder of the NCDs, and default interest and any other terms and conditions that may be provided for in the above documentation or any other documentation as may be required by the Arranger.</p>
Role and Responsibilities of Debenture Trustee	<p>As per DTD</p>
Other Expenses	<p>All other expenses viz. Stamp Duty of issuance, Legal fees, Trustee fee, Registrar fee etc. will be to the account of the Issuer.</p>

Governing Law and Jurisdiction	Indian Laws. Non-exclusive jurisdiction of the Courts of Mumbai
Force Majeure	The Issuer understands that this issue is contingent on the assumption that from the date of the provision of this mandate to the Deemed Date of Allotment, there is no material adverse change in the financial conditions of the Issuer or in the condition of the Indian credit and debt markets which in the reasonable opinion of the Investor would make it inadvisable to proceed with the issue. In the case of such material adverse change, the terms may be renegotiated to the mutual satisfaction of the Arranger and the Issuer.



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