

Annexure I

TERMS OF DEBENTURES

NO	HEADNOTES	DETAILS
1.	Issuer / Company	Ascend Telecom Infrastructure Private Limited
2.	Subscriber	India Infrastructure Fund II
3.	Instrument	Debentures
4.	Facility Amount	Each Debenture shall have a face value of INR 1,000,000 (Indian Rupees one million), aggregating to INR 2,200,000,000 (Indian Rupees two billion and two hundred thousand)
5.	Security	Unsecured
6.	Purpose	Redemption of Zero Coupon Optionally Convertible Debentures
7.	Date of Allotment	31 <sup>st</sup> March 2017
8.	Debenture Term	The term of the Debentures shall be 5 (five) years from the Secondary Closing Date (" <b>Debenture Term</b> ").
9.	Coupon / Interest and Redemption	<ul style="list-style-type: none"><li>▪ The Debentures shall carry an IRR of 14% (fourteen percent) per annum on the face value of the Debenture, out of which, a coupon rate of 7% (seven percent) per annum ("<b>Interest</b>") shall be payable in cash in semi-annual installments (6 (six) months), from and including the Secondary Closing Date till the Final Settlement Date. The coupon if not paid during any year, will be accrued, and shall have priority over any distributions to shareholders.</li><li>▪ The interest on the Debentures shall be calculated on the basis of a 365 (three hundred and sixty-five) day year / 366 (three hundred and sixty-six) day (in case of a leap year) and the actual number of days elapsed during that month. The date on which the outstanding Debentures have been redeemed in full and the entire amount of the outstanding Redemption Amount has been paid in full by the Company to the satisfaction of IIF II shall be referred to as "<b>Final Settlement Date</b>".</li><li>▪ The Company shall redeem the Debentures at the end of the Debenture Term (the "<b>Redemption Period</b>"). Provided that upon</li></ul>



the occurrence of an Event of Default, IIF II shall have the right to require the Company to redeem all the Debentures at any time prior to the expiry of the Redemption Period ("**EoD Redemption**"). If IIF II exercises its right of EoD Redemption, IIF II shall require the Company, to redeem all the Debentures by giving prior written notice (the "**Redemption Notice**").

- The redemption of the Debentures shall be completed by the Company (a) on the date of the expiry of the Redemption Period, or (b) within a period of 30 (thirty) from the receipt of the Redemption Notice.
- The amounts payable by the Company to IIF II for redemption of each Debenture, shall be the aggregate of: (a) the Debenture Subscription Consideration, (b) an amount that provides IIF II an IRR of 14% (Fourteen percent) per annum on the Debenture Subscription Consideration, from and including the Secondary Closing Date till the Final Settlement Date (taking into account Interest paid, if any, till the Final Settlement Date) ((a) and (b) together shall be referred to as the "**Redemption Amount**").
- The Redemption Amount shall carry an IRR of 16% (sixteen percent) per annum (i.e. 200 (two hundred) base points above the IRR of 14% (fourteen percent) per annum) from the expiry of the Redemption Period or the date of redemption as set out in the Redemption Notice till the Final Settlement Date (the "**Outstanding Amount**"). The Company agrees that an additional 2% (two percent) IRR (i.e. 200 (two hundred) base points above the IRR of 14% (fourteen percent) per annum) is a genuine pre-estimate of the loss likely to be suffered by IIF II on account of any default by the Company in paying any overdue amounts under this Agreement. The Company waives all rights to raise any claim or defence that such payments are in the nature of a penalty and undertakes that it shall not raise any such claim or defence.
- Accrued Interest (if not paid during the year), the Redemption Amount or the Outstanding Amount shall have priority over any distribution to the Shareholders of the Company including in any Liquidation Event.
- All payments in relation to the Debentures to be made by the Company to IIF II, including payment of Redemption Amount or the Outstanding Amount, shall be made by the Company into IIF II's account(s), as notified by IIF II to the Company, from time to time.
- Upon receipt of the Redemption Notice, the Company shall do all





NO	HEADNOTES	DETAILS
		such acts and deeds to give effect to the provisions of this paragraph.
10.	Conversion	<ul style="list-style-type: none"> <li>▪ If the Company fails to redeem the Debentures (a) on the date of the expiry of the Redemption Period, or (b) within a period of 30 (thirty) days from the receipt of the Redemption Notice, IIF II shall have the option to convert the Debentures into Equity Shares through a notice to the Company ("<b>Conversion Notice</b>") in lieu of the Redemption Amount or the Outstanding Amount, as the case may be. The Conversion Notice shall be dated and shall set forth the number of Equity Shares that the Debentures shall convert into.</li> <li>▪ The conversion of the Debentures shall be at a price per Equity Shares arrived at an enterprise value which shall be 6 (six) times the Company's earnings before the deduction of interest, taxes and amortization expenses ("<b>Enterprise Value</b>"), calculated on the basis of accounts of the Company prepared for the trailing 12 (twelve) month period preceding the conversion date. A sample calculation for arriving at the number of shares to be issued to IIF II post conversion is annexed as <b>Annexure II</b> (<i>Sample Calculation for Debenture Conversion at the End of 5 Years (If Debenture is not Repaid)</i>).</li> <li>▪ The Equity Shares to be issued pursuant to the conversion of the Debentures, shall in all respects be <i>pari passu</i> with the Equity Shares held by IIF II and other Shareholders of the Company.</li> <li>▪ Upon receipt of the Conversion Notice, the Company shall: <ul style="list-style-type: none"> <li>○ Convert the Debentures into Equity Shares in terms of the Conversion Notice;</li> <li>○ Credit the number of Equity Shares as mentioned in the Conversion Notice in the Demat Account;</li> <li>○ Update its register of members to reflect IIF II as the owners of the Equity Shares issued pursuant to the conversion of the Debentures as mentioned in the Conversion Notice;</li> <li>○ File with the jurisdictional ROC in respect of allotment of the Equity Shares to IIF II and provide to IIF II, certified true copies of duly filed forms with the jurisdictional ROC along with the receipt.</li> </ul> </li> <li>▪ The Company shall do all such acts and deeds as may be necessary</li> </ul>



NO	HEADNOTES	DETAILS
		to give effect to the provisions of this paragraph.
11.	Event of Default	<p>Following events would constitute an event of default in terms of this Agreement:</p> <ul style="list-style-type: none"> <li>▪ Where a bankruptcy or insolvency petition has been admitted against the Company in a court of law or the Company is voluntarily or involuntarily dissolved, unless the proceedings are stayed, vacated or otherwise cured within 90 (ninety) days from the date on which such petition was admitted.</li> <li>▪ The Company is unable to or has admitted in writing its inability to redeem the Debentures at the end of the Debenture Term or in the event where the Senior Lenders have called an event of default for a principal or interest payment default under the loan agreements with the Senior Lenders.</li> <li>▪ A liquidator has been appointed or allowed to be appointed of all or any part of the undertaking of the issuer, unless such appointment is set aside within 90 (ninety) days from the day on which the appointment was made.</li> <li>▪ Any material facts concerning the Company's profits or its ability to make payments under this arrangement, or any relevant aspects of its request for the facility, are intentionally withheld, suppressed, concealed, not made known to Subscriber or are found to be incorrect or untrue, <i>provided that</i> the such intentional withholding, suppression or concealment of the material fact should be brought to the notice of the Company by IIF II and the Company shall have 30 (thirty) days following such receipt of notice to rectify such breach.</li> </ul>
12.	Director	IIF II shall have a right to appoint 1 (one) nominee director on the Board until such time that that the Debentures are redeemed, provided that at no time shall IIF II be entitled to appoint more than 2 (two) nominee directors on the Board (including the nominee director to be nominated, if any, in accordance with the provisions of the Shareholders Agreement).
13.	Information / Access / Visitation Rights	<ul style="list-style-type: none"> <li>▪ The Company shall furnish to IIF II, the following information in respect of the Company and its subsidiaries, if any, during the term of this Agreement and in a form acceptable to IIF II: <ul style="list-style-type: none"> <li>○ Audited financial statements including cash flow statements within 180 (one hundred and eighty) days of</li> </ul> </li> </ul>





the end of each Financial Year;

- Unaudited financial statements within 60 (sixty) days from the end of each quarter;
  - An annual budget (comprising of operating and capital budgets as approved by the Board) and each annual business plan, prior to the commencement of each Financial Year;
  - Information regarding any material litigation or governmental or regulatory action taken (a) by or against the Company, or (b) so far as it relates to the Company or its operations and the Business, against any key employee; or information with regard to any circumstances which may give rise to the same shall be furnished to IIF II within 7 (seven) days from receipt of knowledge by the Company ("Intimation"). Further, copies of notices or papers with respect to the information above shall be furnished within 7 (seven) days from receipt of the Intimation from the Company;
  - Information on the occurrence of any Material Adverse Effect or any event which, in the reasonable opinion of the Company, is likely to result in a Material Adverse Effect;
  - Information on withdrawal of banking facilities of the Company;
  - Any material information, including business plans, expenditure budget and management reporting information of the Company;
  - Any change in the management team and key employees of the Company; and
  - Within 7 (seven) days from any request, such other information as requested by IIF II or the director appointed by IIF II under this Agreement.
- Subject to prior notice of 7 (seven) days, to the Company, IIF II shall (a) have full access to all books and records of the Company and its subsidiaries, (b) be entitled to review and copy them at its discretion, and (c) be entitled to inspect the properties of the Company and its subsidiaries and consult with the management of the Company.



NO	HEADNOTES	DETAILS
		<ul style="list-style-type: none"> <li>IIF II may request and the Company shall (subject to prior reasonable notice from IIF II), once in every financial year, appoint an external auditor to audit the accounts of or access the books and records of the Company and each of its subsidiaries. It is hereby clarified that in the event IIF II directs the Company to conduct an external audit more than once in the same financial year, the cost of such additional external audit shall be to the account of IIF II.</li> </ul>
14.	Affirmative Actions	<p>The Company shall not undertake any of the following actions ("<b>Affirmative Actions</b>"), or direct or permit any of the Affirmative Actions to be carried out or taken, unless such Affirmative Action is specifically approved by the IIF II, during the term of this Agreement:</p> <ul style="list-style-type: none"> <li>Any induction of strategic partners, merger, or acquisition of the Company. Consent will not be required if (a) a merger is for a consideration paid in cash or (b) induction of strategic partners or acquisition of the Company, is at a price not lesser than the fair market value of the Shares of the Company</li> <li>Appointment of any executive directors (other than the directors nominated by IIF II under the SHA, the reappointment of the existing director or appointment of an alternate director) and independent directors;</li> <li>Authorize or permit the Company to enter into any related party transactions, including amendments to existing agreements and loans to directors and officers, save and except related party transactions entered into by the Company on arm's length basis and in its Ordinary Course of Business;</li> <li>Appointment, changes to the terms of employment or removal of chief executive officer, chief operating officer, and the chief financial officer of the Company or adoption or amendment of their employment contracts with the Company;</li> <li>Any resolution to appoint or re-appoint or for the removal of the statutory auditor or internal auditors of the Company;</li> <li>Compensation for all directors, or individual remuneration to a Director, manager or an employee beyond INR 10,000,000 (Indian Rupees ten million only) per annum;</li> <li>an amendment to the articles of association of the Company;</li> <li>borrowings or creation of any charge over assets of the Company for a value above the amount contained in the Board approved</li> </ul>



NO

HEADNOTES

DETAILS

business plan;

- any dividend to be paid by the Company;
- any changes to the capital structure of the Company, save and except that which may be a result of any additional infusion of common equity by the existing shareholders as per terms of the SHA; or
- issue of employee stock options.

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Rajesh Kumar





## Annexure II

SAMPLE CALCULATION FOR DEBENTURE CONVERSION AT THE END OF 5 YEARS (IF DEBENTURE IS NOT REPAYED)

	For Illustration Purposes Only	
	<i>In INR million, unless specified</i>	<i>As on Conversion Date</i>
A	Trailing 12 Months EBITDA (Estimate)	4,400
B	EV / EBITDA (X Times)	6.0x
C	<b>EV (= A x B)</b>	<b>26,400</b>
D	O/s Interest Bearing Debt (Excluding Accrued Debentures) (Estimate)	3,600
E	O/s Debentures Accrued	3,185
F	Cash and cash equivalents (Estimate)	100
G	<b>Pre-Conversion Equity Value (=C-D-E+F)</b>	<b>19,715</b>
H	Total Number of existing shares	29,282,021
I	Derived price per share for conversion (Rs. / share) (= G / H)	673.28
J	Total No. of Shares Issued for Debentures (= E/I)	4,730,388
K	<b>Post Conversion Equity Value (=E + G)</b>	<b>22,900</b>
L	<b>Post Conversion Stake of Debenture Holders (= E / K)</b>	<b>13.91%</b>

  
