

Supplemental Disclosure Document for Tranche III

Security Name	8.37% APLNCD2022
Issuer	Alembic Pharmaceuticals limited (the “Issuer” / “Company”/ “APL”)
Type of Instrument	Unsecured Listed Rated Redeemable Non-Convertible Debentures (“NCD(s)”/“Debenture(s)”)
Nature of Instrument	Unsecured Listed Rated Redeemable Non-Convertible Debentures (“NCD(s)”/ “Debenture(s)”)
Seniority	Senior
Mode of Issue	Private Placement
Eligible Investors	1. Commercial Banks; 2. Companies and Bodies Corporate including Public Sector Undertakings; 3. Mutual Funds; 4. Financial Institutions; 5. Insurance Companies; 6. Provident Funds; 7. Gratuity Funds; 8. Pension Funds; 9. SEBI registered foreign institutional investors; 10. Foreign Portfolio Investors/Foreign Institutional Investors; 11. Primary/ State/ District/ Central Co-operative Banks (subject to permission from RBI); and 12. Any other investors authorized to invest in these Debentures.
Promoters	Alembic Limited, Mr. Chirayu Ramanbhai Amin, Mr. Pranav Chirayu Amin and Mr. Shaunak Chirayu Amin.
Promoter Group	Promoter Group as mentioned in the quarterly shareholding pattern of the Company.
Listing (include name of stock exchanges where it will be listed and timeline for listing)	NCDs will be listed on NSE Limited in Wholesale Debt Market (WDM) segment. The Company shall list the NCDs within fifteen (15) days from the deemed Date of Allotment of NCDs. In case of delay in listing beyond 20 days from the Deemed Date of Allotment, the Company shall pay penal interest of 1% p.a. over the Coupon Rate to the Debenture holders for the Delayed period i.e. from the expiry of 30 days from the Deemed Date of Allotment till the listing of Debentures.
Issue Size	Rs. 1,500,000,000/- (Rupees One Hundred and Fifty Crores Only)
Objects of the issue	The proceeds of the Issue will be utilized to refinance existing debt and any other requirements in the normal course of business, but will not be used towards any capital market transaction or any other purpose ineligible for bank finance by RBI.
Rating of the Instrument	‘CRISIL AA+/Stable’ by CRISIL Limited.
Option to retain oversubscription (Amount)	N.A.
Details of utilization of the proceeds	The funds raised through this Issue will be used for refinancing of existing debt and any other requirements in the normal course of business.
Issue Opening Date	March 18, 2019
Issue Closing Date	March 18, 2019
Pay-in date	March 19, 2019
Deemed Date of Allotment	March 19, 2019
Coupon Reset Process	Not Applicable



Interest Reset Dates	Not applicable
Coupon Rate	8.37% p.a.
Step Up / Step Down Coupon Rate	Not Applicable
Coupon Payment Frequency	Annual
Coupon Types	Fixed, Simple interest, payable annually
Coupon Payment Dates	March 19, 2020; March 19, 2021; March 18, 2022
Day Count Basis	Actual / Actual
Interest on Application Money	Not Applicable, as the Deemed Date of Allotment and Pay-in Date are the same.
Default Interest	In case of default in payment of interest and/or Redemption Amount on Due Date(s), additional interest @ 2% (two percent) per annum over the Coupon Rate will be payable by the Company for the period under default.
Tenor / Redemption	1095 days from the Deemed Date of Allotment.
Issuance Mode	Demat mode only
Redemption Date	March 18, 2022
Redemption Amount	INR 1,500,000,000 /- (INR 1,000,000 / - per NCD) Rupees One Hundred and Fifty Crores Only (Rupees Ten Lacs per NCD)
Redemption Premium/ Discount	N.A.
Issue Price	At par i.e. INR 1,000,000 / - per NCD (Rupees Ten Lacs per NCD)
Discount at which security is issued and the effective yield as a result of such discount	N.A.
Put Date	N.A.
Put Price	N.A.
Call Date	N.A.
Call Price	N.A.
Put Notification Time	N.A.
Call Notification Time	N.A.
Face Value	INR 1,000,000 /- per NCD (Rupees Ten Lacs per NCD)
Issuance/Trading Mode of the Instrument	Demat mode only
Minimum Application and in multiples of debt securities thereafter.	10 Debentures and multiples of 1 thereafter
Transaction Documents	Information Memorandum; Debenture Trust Deed; Debenture Trustee Agreement; Consent Letter from the Debenture Trustee; Credit Rating Letter & Credit Rating Rationale; Board Resolution authorizing the borrowings via NCDs; In-principle listing approval from the Stock Exchange(s); and



	Any other document as agreed between the Issuer and the Debenture Trustee.
Settlement Mode	RTGS/NEFT
Depository(ies)	National Securities Depository Limited & Central Depository Services (India) Limited
Record Date	Fifteen (15) calendar days prior to each coupon payment date
Business Day Convention	<p>A "Business Day"/ "Working Day" shall be a day on which commercial banks are open for business in the city of Mumbai.</p> <p>If any Coupon Payment Date (except coupon falling due on Redemption Date) falls on a day that is not a Business day, the payment shall be made by the Issuer on the immediately succeeding Business Day and the interest amount will be accrued on the NCD's until but excluding the Coupon payment date originally stipulated. However, the next interest period will continue to commence from the Coupon Payment Dates originally stipulated.</p> <p>If the Redemption Date (also being the last Coupon Payment Date) of the NCD's falls on a day that is not a Business Day, the redemption proceeds shall be paid by the Issuer on the immediately preceding Business Day along with the interest accrued on the NCDs until the date of maturity.</p> <p>In the event the Record Date falls on a day which is not a Business Day, the immediately preceding Business Day will be considered as the Record Date.</p>
Security (including description, type of security, type of charge, likely date of creation of security, minimum security cover, revaluation, replacement of security)	NCDs are Unsecured and Issuer / Company will not create any security or charge on assets of the Company or otherwise.
Covenants	<p>Customary for transaction of this nature and other appropriate clauses in opinion of the Investor for this transaction, including but not limited to the following:</p> <p>Financial Statements/Results as submitted to Stock Exchange to be provided on quarterly basis;</p> <p>Affirmative and Negative covenants (on a repeating basis), as appropriate <i>(including but not limited to)</i></p> <ul style="list-style-type: none"> (a) utilization of proceeds of the Instruments for the purpose stated in the Disclosure Document / Debenture Trust Deed; (b) provide access to the Issuer's books and records to the Debenture Trustee; (c) paying all stamp duty and registration fees in connection with the issuance of the instruments and any related document; (d) no material pending or threatened investigation, litigation or proceeding; (e) collateral of fixed assets if any provided to other Investors/Lenders for all future borrowings; (d) no securitization/ assignment of any rights and/or liabilities under the transaction documents without prior consent of the Debenture Holders; (e) no material adverse event has occurred or is continuing;



	<p>(f) Issuer not to appoint any person as a director on its Board who appears in the list of wilful defaulters issued by RBI or CIBIL;</p> <p>(g) The Issuer shall comply with all guidelines/ directions issued by any Governmental Authority with respect to the Debenture issue;</p> <p>(h) The Issuer shall furnish to the Debenture Trustee copies of its consolidated and standalone audited accounts, including a balance sheet and profit and loss account as soon as they are available and not later than 90 days from the end of each of its financial year and its consolidated and standalone unaudited interim statements (if they are required by the Debenture Holder) within 45 days after the end of quarter to which they relate.</p>
Ownership Covenant	<p>Change of Control occurs upon any of these events:</p> <ul style="list-style-type: none"> Any shareholder or third party holds equity stake more than existing Promoters and the Promoters Group; or existing Promoters and Promoter Group cease to exercise Control over the Board and management of the Issuer. <p>If Change of Control Event occurs, it shall be an Event of Default. 'Control' to be defined as under the Companies Act, 2013.</p>
Rating Covenant	<p>If, during the tenor of the NCDs, the credit rating of the NCDs or the Issuer is revised to 'A' or below by CRISIL, each Debenture Holder shall have an option to accelerate the NCDs.</p>
Debenture Trustee	<p>Axis Trustee Services Limited</p>
Role and Responsibilities of the Debenture Trustee	<p>The Issuer has appointed Axis Trustee Services Limited, to act as Trustee for the Debenture Holders (hereinafter referred to as "Trustees"). A copy of letter from Axis Trustee Services Limited, conveying their consent to act as Trustee for the Debenture Holders is available for inspection.</p> <p>The Trustees shall perform its duties and obligations and exercise its rights and discretions, in keeping with the Trust Reposed in the Trustees by the holder(s) of the Debentures and shall further conduct itself and comply with the provisions of all applicable laws provided that, the provisions of Sec. 20 of the Indian Trusts Act, 1882 shall not be applicable to the Trustees.</p> <p>The Trustees shall be vested with the requisite powers for protecting the interest of holder(s) of the Debentures.</p> <p>The Trustees shall be obliged to share the information submitted by the Issuer with all debenture holder(s) within seven working days of their specific request.</p>
Conditions precedent to the Disbursement	<p>The Issuer shall ensure that all the consents and resolutions required to issue the NCDs are in place prior to the issue. The Issuer shall also ensure that all regulations pertaining to the NCD issuance are complied with. Further the Issuer also undertake to ensure that the Transaction Documents (especially the Information Memorandum and the Debenture Trust Deed) shall be in the form and manner and shall include all terms and conditions satisfactory to the Debenture Trustee/ Debenture Holder(s).</p> <p>The Issuer shall also ensure that the following main documents are in place as condition precedent to the Disbursement:</p> <ul style="list-style-type: none"> The most updated version of the Issuer's constitutional documents, including Certificate of Incorporation, Memorandum and Articles of Association; Disclosure Document (complying with SEBI disclosures) and certified by the Issuer incorporating the PAS 4 requirements arising from Companies Act, 2013; Debenture Trustees' consent letter dated 12th March, 2019 for Tranche III read with consent letter dated 3rd December, 2018; Duly executed Debenture Trustee Agreement; Any No-objection certificates required;



	<ul style="list-style-type: none"> • Certified true copy of the board resolution pursuant to Section 179, 42 and any other applicable sections of the Companies Act, 2013 dated 6th December, 2018 authorising the Company inter alia to (i) issue the Debentures; (ii) execute the Transaction Documents and undertake the obligations stipulated therein; • Rating Letter from CRISIL not being more than one month from the Issue opening date; • Rating Rationale not being more than one year from the Issue opening date; • Issuer to provide an in-principle approval from the Stock Exchange(s); and • Compliance with all the applicable regulatory guidelines by the Issuer. <p>Any other documents as per the mutually agreed between the Issuer and Debenture Trustee for the issuance of the NCDs.</p>
Conditions Subsequent to Disbursement	<p>As is customary for a transaction of this nature, including but not limited to the following to be provided within 30 days of Disbursement:</p> <p>Allotment of Debentures and credit of Debentures in Debenture Holder's demat account;</p> <ol style="list-style-type: none"> a) Duly stamped and executed Debenture Trust Deed; b) Listing of the Debentures on the Stock Exchange(s); c) Any filings with the Registrar of Companies; and d) Such other documents as mutually agreed by and between the Company and the Debenture Trustee.
Approvals	<p>The Issuer agrees to comply with all applicable rules and regulations in respect of the transaction. The Issuer will be responsible for taking all the necessary authorizations and / or approvals internal, external regulatory, statutory or otherwise.</p>
Material Representations and Warranties	<p>The Issuer (and wherever applicable, its subsidiaries) shall make representations customary for issuance of this nature subject to disclosures, including but not limited to:</p> <ol style="list-style-type: none"> (a) Corporate existence, power and authority; (b) Legal validity and binding nature of the transaction; (c) Corporate and governmental authorizations and consents; (d) non-contravention of existing material agreements and constitutional documents; (e) No outstanding default or material litigation; (f) No occurrence of a material adverse change (as defined in the Transaction Documents); (g) No existing or threatened litigation that may result in a material adverse change (as defined in the Transaction Documents) to the payment obligation of the Issuer may affect the legality or enforceability of Transaction Documents; (h) No insolvency or insolvency proceedings; (i) Financial Statements being True and Fair; (j) Proceeds of the Issue shall only be applied in accordance with the end use as stated in this Transaction Documents; (k) The Issuer (and, if applicable, the Parent and guarantors, if any) has not been declared as a willful defaulter by any bank, financial institution or other entity within the meaning of the term as set out in the guidelines / circulars issued by the RBI from time to time in this regard. Further, none of the Directors or promoters of the Issuer (and, if applicable, the Parent and guarantors, if any) are directors / promoters of any other company / entity that has been declared as a willful defaulter by any bank, financial institution or other entity within the meaning of the term as set out in the guidelines/circulars issued by the RBI from time to time in this regard. If a Director is declared a willful defaulter or such Director is a Director in another entity declared to be a willful defaulter, then the Issuer shall, and shall procure that its Board of Directors, take all such steps as may be necessary to ensure that such Director is removed from the board.



	The foregoing representations and warranties of the Issuer shall be deemed to be made again on the date of subscription to Debentures and on each Coupon payment date and are made with the knowledge and expectation that the Debenture holder will rely thereon.
Transfer of Debentures	The Debentures shall be freely transferable by the Debenture Holders subject to and in accordance with the Debt Listing Requirements and other Applicable Law, including the applicable rules/ procedures as prescribed by the Depository and the relevant depository participants of the transferor and transferee of the Debentures.
Financial Covenants	<p>Issuer to maintain following covenants at all times during the tenor of the Instruments and will be tested semi-annually on the basis of the most recent consolidated financial statements of the Borrower according to Indian GAAP on trailing twelve months:</p> <p>(a) Leverage Ratio: (Total Debt) / (EBITDA) shall not be higher than [2.5] times;</p> <p>(b) Debt Service Cover Ratio: (EBITDA – current cash taxes) / (Debt Service) shall not be lower than [2] times.</p> <p>“Total Debt” means all term debt and working capital debt, whether secured or unsecured) plus bills discounted plus optionally convertible bonds if any plus preference capital if the redemption falls during, which would be repaid during tenor of the Instrument and any corporate guarantee extended to group or associate entities</p> <p>“EBITDA” mean profit after tax as increased by finance cost, depreciation, amortization and tax; and reduced by exceptional items.</p> <p>“Debt Service” means sum of aggregate amount of interest paid under all borrowings and principal amount of borrowings due excluding any prepayment amounts.</p> <p>For the purpose of Debt Service, interest paid and principal amount of borrowings due will be based on trailing twelve months from the date of testing.</p>
Events of Default (EOD)	<p>Upon the occurrence of an Event of Default the investors will be entitled to demand a redemption / repayment or to accelerate the financing. Event of default shall include EODs customary to transaction of this nature including but not limited to the following:</p> <ol style="list-style-type: none"> 1. The Issuer does not pay on the due date(s) any amount payable pursuant to the Debenture Trust Deed (whether at scheduled maturity, by acceleration or otherwise) at the place at and in the currency in which it is expressed to be payable; 2. Failure to perform under any Covenants or breach of, Representations and Warranties of the Transaction Documents unless otherwise agreed/ consented to by the Debenture Trustee therein or otherwise mentioned in this term sheet as a separate event of default. A 30 days cure period shall be available for this event of default; 3. The Issuer admits in writing its inability to pay its Indebtedness as they fall due or suspends making payments on any of its Indebtedness or by reason of actual financial difficulties commences negotiations with one or more banking/ non-banking financial lenders (excluding trade creditors) with a view to rescheduling its Indebtedness; 4. Corporate insolvency resolution process, liquidation (voluntary or otherwise), winding up proceedings have been initiated or a receiver or a liquidator, resolution/interim resolution professional has been appointed against the Issuer; 5. Any certificate, financial statement or other document delivered to the Debenture Trustee/ Debenture holders by the Issuer shall prove to have been incorrect, false or misleading in any material respect when made or deemed made; 6. If the Issuer, in regards to any Indebtedness defaults in any payment of Indebtedness beyond the period of grace if any, provided in the instrument or agreement under which such Indebtedness was created, or materially defaults



	<p>in the observance or performance of any financial covenant in any agreement or condition relating to any Indebtedness the effect of which default or other event or condition is to cause any such Indebtedness to become due prior to its stated maturity. "Indebtedness" shall mean any term loan, working capital loan, commercial paper or borrowing raised by the Issuer by issue of non-convertible debentures to its lenders / investors. A 30 days cure period shall be available for this event of default;</p> <p>7. There shall have occurred a material change in the business, operations, property, assets, liabilities or financial condition of the Issuer since the date of the Transaction Documents that has resulted in a Material Adverse Change;</p> <p>8. Any expropriation, attachment, sequestration, distress or execution order affecting assets of the Issuer;</p> <p>9. Failure by the Borrower to pay any amount under any Court order or decree or judgment against the Issuer;</p> <p>10. Any corporate action, legal proceedings or other procedure or step is taken in relation to material composition, material compromise, material assignment or material arrangement with any lender to the Company that results in a Material Adverse Change effecting the ability of the Issuer to repay the outstanding amount;</p> <p>11. Control of the Issuer passing or having passed to any person or persons, acting either individually or in concert, who did not control the Issuer at the date of this Disclosure Document, without the prior written consent of the Debenture Trustee; and</p> <p>12. If the Issuer is held to be a Wilful Defaulter, or if any of their Directors / promoters is a director/ promoter of any other company / entity that is held to be a Wilful Defaulter by any bank, financial institution or other entity in accordance with the guidelines/circulars issued by the RBI from time to time in this regard.</p>
Provisions related to Cross Default	Referred to in point no. 6 in the clause 'Events of Default'.
Consequences of Event of Default	<p>The consequences of default will, include but not be limited to the following:</p> <ul style="list-style-type: none"> • Acceleration of all outstanding dues, cancellation of total Issue; • Enforce its right under the Transaction Documents; • Charge Default Interest; it is clarified that the default interest shall be charged from the date of occurrence of event of default irrespective of the same being declared by the Investor(s) till such date the default subsists. <p>If an Event of Default has occurred and not waived/condoned by the investors, the Issuer has a right to redeem the NCDs prematurely, along with accrued interest and all charges including penal interest, if any.</p> <p>Any cost incurred in relation to any of the above shall be borne by Issuer.</p>
Other Cost & expenses	All other cost & expenses including stamp duty, registration fees (if applicable), Trustee fee, Registrar fee, to be borne by Issuer.
Material Adverse Effect	<p>The effect of consequence of an event, circumstance, occurrence or condition which has caused, as of any date of determination or could be expected to cause a material and adverse effect on the performance of its obligations relating to the Instruments in the following cases:</p> <ol style="list-style-type: none"> 1. The ability of the Issuer to perform their obligations under the Transaction Documents; 2. The validity or enforceability of, or the effectiveness of any Transaction Documentation.
Material changes in the information provided in Shelf Disclosure Document dated 6th December, 2018	Mr. Milin Mehta, Independent Director of the Company has resigned from the Board of the Company w.e.f. end of day 22 nd January, 2019. The Offering Information – SEBI Regulatory Disclosures, mentioned in Para B clause 3(a), Details of the current Directors of the Company and clause 3(b), Details of change in Directors in last three years, have to be read accordingly.
Governing Law and Jurisdiction	The NCDs are governed by and shall be construed in accordance with the existing laws of India. Any dispute arising thereof shall be subject to the jurisdiction of courts and tribunals of Mumbai.



Cash Flow Schedule for Tranche III:

Cash Flow	Payment Date	Days in Coupon Period	Amount/Debenture
1 st Coupon	Thursday, March 19, 2020	366	83,700.00
2 nd Coupon	Friday, March 19, 2021	365	83,700.00
3 rd Coupon	Friday, March 18, 2022	364	83,471.00
Redemption	Friday, March 18, 2022		1,000,000.00

(If the maturity date falls on a day which is not a Business day, redemption amount is payable on the immediately preceding business day).

Date: 18th March, 2019

