

## TERM SHEET

In case of any inconsistencies between the terms set out in this Term Sheet and the Debenture Trust Deed, the terms set out in the Debenture Trust Deed shall prevail.

|   |  |
|---|--|
| <b>Security Name</b>  | Fully secured, rated, listed, redeemable non convertible debentures  |
| <b>Issuer</b>   | West Coast Paper Mills Limited   |
| <b>Type of instrument</b>   | Senior, secured, non-convertible debentures  |
| <b>Nature of instrument</b>   | Fully secured, rated, listed and redeemable non-convertible debentures.  |
| <b>Seniority</b>  | Senior   |
| <b>Mode of issue</b>  | Private placement  |
| <b>Eligible Investors</b>   | Foreign Portfolio Investors, domestic investors, banks, non banking finance companies, mutual funds and insurance companies  |
| <b>Listing (including name of the Exchange where it will be listed and timeline for listing)</b>  | <p>The Debentures shall be listed on the WDM of BSE, within 15 (fifteen) days from the Deemed Date of Allotment.</p> <p>In case the Debentures are not listed within 15 (fifteen) days of the Deemed Date of Allotment for any reason whatsoever, the Company shall immediately redeem/ buy back the Debentures only from those Debenture Holders who are not permitted by applicable Law (including the RBI circular RBI/2011-12/423 A.P.(DIR Series) Circular No. 89 dated March 1, 2012) to hold 'unlisted' debentures, and shall reimburse such Debenture Holders for any and all accrued Interest, costs and expenses (including liquidity costs or other Break Costs), as determined by each such Debenture Holder that such Debenture Holder may have incurred in connection with the investment in the Debentures.</p> |
| <b>Dematerialized</b>   | Yes  |
| <b>Depository</b>   | NSDL and CDSL  |
| <b>Credit Rating Agency</b>   | ICRA Limited   |
| <b>Debenture Trustee</b>  | IDBI Trusteeship Services Limited  |
| <b>Trading</b>  | Dematerialized mode only   |
| <b>Rating of Instrument</b>   | The Credit Rating Agency has assigned 'AA-' pursuant to its credit rating letter dated August 26, 2019 read with the letter from the Credit Rating Agency dated October 11, 2019   |
| <b>Issue Timings</b>  | <p>Issue Opening Date – October 18, 2019</p> <p>Issue Closing Date – October 18, 2019</p> <p>Pay-in Date – October 18, 2019</p> <p>Deemed Date of Allotment – October 18, 2019</p>   |
| <b>Interest Rate</b>  | 10.30% p.a. payable quarterly  |
| <b>Step Up/Step Down Interest [If there is any change in the interest rate pursuant to any event including elapse of certain time period or downgrade in rating, then such new interest rate and events which lead to such change should be disclosed.]</b> | In case rating is downgraded by one or more notches, the Interest Rate will step up by 20 bps for each such downgrade. Similarly, Interest Rate will reduce by 20 bps for each such upgrade provided that the Interest Rate will not reduce below the Interest Rate applicable on the Deemed Date of Allotment.  |
| <b>Interest payment frequency</b>   | Quarterly  |

|   |   |
|---|---|
| <b>Interest</b>   | The interest payable on the Debentures at the Interest Rate in accordance with the terms set out in the Debenture Trust Deed.   |
| <b>Interest Payment Dates</b>   | 18 <sup>th</sup> January, 18 <sup>th</sup> April, 18 <sup>th</sup> July and 18 <sup>th</sup> October every year till the Redemption Date.<br><br>If any such date is not a Business Day, then the Business Day immediately succeeding such last day; provided the Interest to be paid shall always be calculated till such last day of the Interest Period.   |
| <b>Interest Period</b>  | Each period of 3 (three) months, where the first period shall commence on the Deemed Date of Allotment; provided however that the last Interest Period shall end on the Final Redemption Date.  |
| <b>Interest type (fixed, floating or other interest structure)</b>  | Fixed   |
| <b>Interest reset process (including rates, spread, effective date, interest rate cap and floor etc.)</b> | Not Applicable  |
| <b>Day count basis</b>  | Actual/ Actual  |
| <b>Interest on application money</b>  | The Company shall pay Interest on the subscription amount received by it till the applicable Deemed Date of Allotment. If the subscription Amount is received on the same day as the Deemed Date of Allotment, then no additional Interest shall be payable by the Company on the subscription amount.  |
| <b>Issue size</b>   | Rs. 198,00,00,000 (Rupees One Hundred and Ninety Eight Crores Only)   |
| <b>Default Interest Rate</b>  | 2% per annum  |
| <b>Tenor</b>  | A maximum of 60 (sixty) months in accordance with the Debenture Trust Deed  |
| <b>Redemption Date</b>  | October 18, 2024  |
| <b>Redemption Amount</b>  | The Debentures will be redeemed in five equal instalments at the end of 15th, 27th, 39th, 51st and 60th month from the Deemed Date of Allotment   |
| <b>Redemption Premium/Discount</b>  | Not Applicable  |
| <b>Issue Price</b>  | Rs. 10,00,000/- (Rupees Ten Lakhs Only) per Debenture   |
| <b>Minimum application and multiples of debt securities thereafter</b>                                    | (i) Minimum application – 1 Debenture<br>(ii) Multiples thereafter – 1 Debenture  |
| <b>Security</b>   | The Debentures shall be secured by way of the following:<br><br>(a) a first charge on the entire moveable fixed assets of the Company pertaining to the Dandeli Plant Paper Division which gives a minimum security cover of 1.25x ranking pari passu with certain term loan facilities availed by the Company;<br>(b) a first pari passu pledge of 51% shares of the Target (on a fully diluted basis) to be held by the Issuer ranking pari passu with the term loan facilities of INR 1,450,000,000 availed by the Company from Axis Finance Limited.<br><br>After the merger of the Issuer and the Target, the Debentures shall be secured by a first charge on the entire moveable fixed assets of the Company (including any additional movable assets acquired pursuant to the merger) which gives a minimum security cover of 2x ranking pari passu with certain term loan facilities availed by the Company. |
| <b>Option to retain</b>   | Not Applicable  |

|  |   |
|--|---|
| <b>oversubscription amount</b>   |   |
| <b>Objects of the Issue / Details of utilization of the proceeds</b>   | The proceeds of the Issue will be utilized for the purpose of funding the Private Acquisition and for meeting expenses in relation to the Issue.  |
| <b>Discount at which security is issued and the effective yield as a result of such discount.</b>                                    | N.A.  |
| <b>Put Option Date</b>   | At the end of 27 months from the Deemed Date of Allotment, i.e., January 18, 2022. Each Debenture Holder will have an individual right to exercise the Put Option.  |
| <b>Put Option Price</b>  | At par plus accrued interest and all other amounts due and payable, if any  |
| <b>Call Date</b>   | Subject to Law, the Issuer may at the end of 27 months from the Deemed Date of Allotment, i.e., January 18, 2022, redeem all or part (but in multiples of 10% of the face value of the Debentures) of the Debentures held by the Debenture Holders. In case the Call Option is exercised for part of the Debentures, the Company shall redeem such amount in proportion of the holding of each Debenture Holder.  |
| <b>Call Price</b>  | At par plus accrued interest, and all other amounts due and payable if any  |
| <b>Put Option Notification Time [Timelines by which the investor needs to intimate the Issuer before exercising the put option.]</b> | 30 days prior to the Put Option Date  |
| <b>Call Notification Time [Timelines by which the investor needs to intimate the Issuer before exercising the call option.]</b>      | 30 days prior to the Call Option Date   |
| <b>Rating Downgrade Put</b>  | In case any of the following events occurs, each Debenture Holder will have an individual right to put the Debentures held by it:<br>(i) downgrade of long term rating of the Company or the Debentures to 'A' or below;<br>(ii) assignment of long term rating of 'A' or below to the Company or the Debentures;<br>(iii) withdrawal or suspension of the rating of the Company or the Debentures; or<br>(iv) a prefix/suffix being added to the Company's or the Debentures' credit rating stating "company not co-operating".                                      |
| <b>Face Value [INR 10 lakhs per instrument for all issues]</b>   | INR 10,00,000   |
| <b>Issuance mode of the Instrument</b>   | Demat   |
| <b>Trading mode of the Instrument</b>  | Demat   |
| <b>Depository</b>  | NSDL and CDSL   |
| <b>Business Day Convention</b>   | Any interest, commission or fee accruing in relation to the Debentures will accrue from day to day and is calculated on the basis of 365 (three hundred and sixty five) days' year or where the year is a leap year a 366 (three hundred and sixty six) days' year, and the actual number of days elapsed.<br><br>In case any Interest Payment Date falls on a day which is not a Business Day, the payment to be made on such Interest Payment Date shall be made on the immediately succeeding Business Day. When the Redemption Date falls on a day which is not a |

|  |  |
|--|--|
|  | <p>Business Day, the payment to be made of such Redemption Date (including interest thereon) shall be made on the immediately preceding Business Day.</p> <p>However, the schedule of interest payment will not be amended on account of change in payment date on account of holiday unless it is the Final Redemption Date of the Debentures.</p>  |
| <b>Settlement mode of the instrument</b>   | All payments must be made through cheque(s) / demand draft(s) / transfers / SWIFT / RTGS/ NEFT.  |
| <b>Record date</b>   | The date falling 5 (five) calendar days prior to the date on which Interest is due and payable on the Debentures, or the date of redemption of such Debentures/ Put Option (as applicable).  |
| <b>Security [including description, type of security, type of charge, likely date of creation of security, minimum security cover, revaluation, replacement of security]</b>     | <p>The Debentures shall be secured by way of the following:</p> <p>(a) within the earlier of (i) 7 (seven) days from the Deemed Date of Allotment; and (ii) 3 (three) days from the date of the Private Acquisition, a first charge on the entire moveable fixed assets of the Company pertaining to the Dandeli Plant Paper Division which gives a minimum security cover of 1.25x ranking pari passu with certain term loan facilities availed by the Company;</p> <p>(b) on or prior to the Share Pledge Creation Date, a first pari passu pledge of 51% shares of the Target (on a fully diluted basis) to be held by the Issuer ranking pari passu with the term loan facilities of INR 1,450,000,000 availed by the Company from Axis Finance Limited.</p> <p>After the merger of the Issuer and the Target, the Debentures shall be secured by a first charge on the entire moveable fixed assets of the (including any additional movable assets acquired pursuant to the merger) within 10 days from the merger effective date, which gives a minimum security cover of 2x ranking pari passu with certain term loan facilities availed by the Company.</p> |
| <b>Transaction Documents [The list of documents which have been executed or will be executed in connection with the issue and subscription of the Debentures to be annexed.]</b> | <p>The Transaction Documents shall be as follows:</p> <p>(a) the Debenture Trust Deed;</p> <p>(b) the Debenture Trustee Agreement;</p> <p>(c) the Common Security Trustee Agreement;</p> <p>(d) the Information Memorandum;</p> <p>(e) the Deed of Hypothecation and power of attorney in relation thereto;</p> <p>(f) the Share Pledge Agreement and power of attorney in relation thereto;</p> <p>(g) each Pari Passu Letter; and</p> <p>(h) any other document that may be designated as a Transaction Document by the Trustee.</p>   |
| <b>Conditions Precedent to allotment</b>   | As per the Debenture Trust Deed  |
| <b>Conditions subsequent to allotment</b>  | As per the Debenture Trust Deed  |
| <b>Events of Default</b>   | <p>The following shall be Events of Default as further described in the Debenture Trust Deed:</p> <p>(a) Non- payment;</p> <p>(b) Breach of Financial covenants;</p> <p>(c) Non-compliance with Terms and Conditions;</p>  |

|  |   |
|--|---|
|  | <ul style="list-style-type: none"> <li>(d) Breach of other obligations;</li> <li>(e) Misrepresentation;</li> <li>(f) Cross Default;</li> <li>(g) Insolvency;</li> <li>(h) Insolvency proceedings;</li> <li>(i) Creditors' Process;</li> <li>(j) Change of Control;</li> <li>(k) Unlawfulness and Invalidity;</li> <li>(l) Repudiation and Rescission of agreements;</li> <li>(m) Litigation and Final Judgments or Court Orders;</li> <li>(n) Moratorium on Indebtedness;</li> <li>(o) Cessation of Business and Expropriation;</li> <li>(p) Material Adverse Effect;</li> <li>(q) Revocation of Licences or Authorisations;</li> <li>(r) Security;</li> <li>(s) Failure to list the Debentures;</li> <li>(t) Purpose;</li> <li>(u) Acquisition;</li> <li>(v) Delisting; and</li> <li>(w) Non-completion of Private Acquisition.</li> </ul>   |
| <b>Provisions related to cross default clause [full description of clause to be provided.]</b> | <p>Any of the following is an Event of Default:</p> <ul style="list-style-type: none"> <li>(a) Any Financial Indebtedness of the Company, Target or any other member of the Group is not paid when due nor within any originally applicable grace period.</li> <li>(b) Any Financial Indebtedness of the Company, Target or any other member of the Group is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described).</li> <li>(c) Any commitment for any Financial Indebtedness of the Company, Target or any other member of the Group is cancelled or suspended by a creditor of the Company, Target or any other member of the Group as a result of an event of default (however described).</li> <li>(d) Any creditor of the Company, Target or any other member of the Group becomes entitled to declare any Financial Indebtedness of any member of the Group due and payable prior to its specified maturity as a result of an event of default (however described).</li> </ul> <p>For the purpose of the above, Financial Indebtedness and Group shall have the meaning ascribed to such terms in the Debenture Trust Deed.</p> |
| <b>Role and responsibilities of the Debenture Trustee</b>                                      | As may be agreed between the Debenture Trustee and the Company under the Debenture Trustee Agreement and the Debenture Trust Deed.  |
| <b>Governing Law and Jurisdiction</b>  | Indian law<br>Courts and tribunals at Karnataka.  |

#### Additional covenants in the event of private placement

- 1 Security Creation (where applicable): In case of delay in execution of Debenture Trust Deed beyond 3 (Three) months of the closure of the issue in respect of the Debentures or creation and perfection of security (including filing of charge with the Registrar of Companies) within the timelines set out in the Debenture Trust Deed, the Company

will refund the subscription amount with Interest or will pay default/additional interest of at least 2% p.a. over the Interests Rate till these conditions are complied with at the option of the Debenture Holders.

- 2 Default in Payment: In case of default in payment of Interest and/or principal redemption or any other amount on the due dates, additional interest of 2% p.a. over the Interest Rate will be payable by the Company for the defaulting period.
- 3 Delay in listing: In case of delay in listing of the debt securities beyond 15 days from the Deemed Date of Allotment, the Company shall pay penal interest of at least 1% p.a. over the Interests Rate from the expiry of 15 days from the Deemed Date of Allotment till the listing of the Debentures to the Debenture Holders. In case of failure to list the Debentures within 15 days from the Deemed date of Allotment, the Debentures pertaining to investments by foreign portfolio investors will be immediately redeemed/ bought back by the Company.

The interest rates mentioned in above cases are the minimum interest rates payable by the Company and are independent of each other.

