

SUMMARY OF TERM SHEET

Security Name	% PNN Bonds
Issuer	Prayagraj Nagar Nigam ("PNN")
Type of Instrument	Rated, listed, taxable, secured, redeemable, non-convertible municipal bonds in the nature of debentures (hereinafter referred to as " Bonds"/ "Debentures"/ "NCDs")
Seniority	Senior (to clarify, the claims of the NCD Holders shall be superior to the claims of any unsecured creditors, subject to applicable statutory and/or regulatory requirements)
Mode of Issue	Private Placement of rated, listed, taxable, secured, redeemable, non-convertible municipal bonds in the nature of debentures of face value of ₹ 4,00,000/- each (comprising of 4 (four) separately transferable and redeemable principal parts ("STRPP") namely STRPP A, STRPP B, STRPP C, STRPP D of face value of ₹ 1,00,000 each for an amount aggregating up to ₹ 50 Crore (Rupees Fifty Crore Only) ("Total Issue Size") under Securities and Exchange Board of India (Issue and Listing of Municipal Debt Securities) Regulations, 2015, as amended from time to time.
Eligible investors	All QIBs and any non-QIB Investors specifically mapped by the Issuer on the BSE – EBP Platform, are eligible to bid / invest / apply for this Issue. All investors are required to comply with the relevant regulations/ guidelines applicable to them for investing in this Issue
Listing (including name of Stock Exchange(s) where it will be listed and timeline for listing)	The NCDs are proposed to be listed on BSE Limited. The NCDs shall be listed within 3 (three) Working Days from the Issue Closing Date.
Rating of the Instrument	The Bonds proposed to be issued by the Prayagraj Nagar Nigam have been rated by India Ratings & Research Private Limited ("India Ratings") and Acuite Ratings & Research Limited ("Acuite Ratings") (collectively the "Rating Agencies"). India Rating has assigned a rating of Provisional IND AA/Stable vide its letter dated March 07, 2024 and reaffirmed vide letter dated March 06, 2025 and April 16, 2025 and has issued a rating rationale dated March 06, 2025. Acuite Ratings has assigned a rating of Provisional Acuite AA/Stable vide its letter dated February 20, 2024 and reaffirmed vide its letter dated February 18, 2025, March 27, 2025 and April 22, 2025 and has issued a rating rationale dated February 18, 2025.
Base Issue Size	Rs 50 Crore
Option to retain over subscription	N.A.
Total Issue Size	Rs 50 Crore
Objects of the issue	The proceeds of the bonds will be utilized for Construction of 200 Bedded Super Speciality Hospital Block at Naini, Prayagraj ("Project").
Details of the utilization of the proceeds	The proceeds of the Issue shall be utilized for the Projects. The details of the Projects along with the details/ status of any prior requisite approvals required, if any for such Projects have been detailed in the Section titled "Objects of the Issue" in the PM.
Coupon rate	To be finalized subsequent to bidding on electronic bidding platform of BSE
Taxable/Tax free	Taxable
Step up/step down coupon rate	N. A.
Coupon payment frequency	On a half yearly basis
Coupon payment dates	The dates on which interest/coupon on the NCDs shall fall due for payment
Coupon Type	Fixed
Coupon reset process (including rates, spread, effective date, interest rate cap and floor etc.	N. A.
Day Count Basis	Actual / Actual
Interest on Application Money	The Pay-in Date shall be the Deemed Date of Allotment; interest on application money not applicable.

Tenor	Total Tenure of 4 years to 7 years comprising of :-																								
	<table><tr><th>STRRP</th><th>Tenor (in years)</th><th>As %age of issue</th><th>Amount (in Crore)</th></tr><tr><td>A</td><td>4</td><td>25%</td><td>12.50</td></tr><tr><td>B</td><td>5</td><td>25%</td><td>12.50</td></tr><tr><td>C</td><td>6</td><td>25%</td><td>12.50</td></tr><tr><td>D</td><td>7</td><td>25%</td><td>12.50</td></tr><tr><td>Total</td><td></td><td>100%</td><td>50</td></tr></table>	STRRP	Tenor (in years)	As %age of issue	Amount (in Crore)	A	4	25%	12.50	B	5	25%	12.50	C	6	25%	12.50	D	7	25%	12.50	Total		100%	50
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Redemption Date/ Maturity Date	<p>The redemption dates/ maturity dates (“Redemption Date(s)”/ “Maturity Date(s)”) for each of the STRPPs are as follows:</p> <ul style="list-style-type: none">➤ STRPP A - at the end of the 4th anniversary of the Deemed Date of Allotment for STRPP A;➤ STRPP B – at the end of the 5th anniversary of the Deemed Date of Allotment for STRPP B;➤ STRPP C – at the end of the 6th anniversary of the Deemed Date of Allotment for STRPP C;➤ STRPP D – at the end of the 7th anniversary of the Deemed Date of Allotment for STRPP D;																								
Redemption Amount	<p>Principal repayment to happen annually, from the expiry of 4 (Four) years from the Deemed Date of Allotment, in 4 (four) annual instalments of:</p> <ul style="list-style-type: none">➤ STRPP A - Year 4 – on redemption of 1250 STRPP A for aggregate principal amount of Rs. 12,50,00,000 (Rupees Twelve Crores Fifty Lakh) to be repaid at end of 4 (Four) years from the Deemed Date of Allotment;➤ STRPP B - Year 5 – on redemption of 1250 STRPP B for aggregate principal amount of Rs. 12,50,00,000 (Rupees Twelve Crores Fifty Lakh) to be repaid at end of 5 (Five) years from the Deemed Date of Allotment;➤ STRPP C - Year 6 – on redemption of 1250 STRPP C for aggregate principal amount of Rs. 12,50,00,000 (Rupees Twelve Crores Fifty Lakh) to be repaid at end of 6 (Six) years from the Deemed Date of Allotment;➤ STRPP D - Year 7 – on redemption of 1250 STRPP D for aggregate principal amount of Rs. 12,50,00,000 (Rupees Twelve Crores Fifty Lakh) to be repaid at end of 7 (Seven) years from the Deemed Date of Allotment; <p>Together with the principal amount as set out hereinabove, the Issuer shall also be required to make payment of accrued Coupon and all other costs, charges and expenses which are due and payable in terms of the Transaction Documents.</p>																								
Redemption Premium / Discount	Not applicable																								
Issue Price	Rs. 4,00,000 (Rupees Four Lakhs only) per NCD comprising of 4 (Four) STRPPs (i. e. STRPP A, STRPP B, STRPP C and STRPP D) of Rs. 1,00,000 (Rupees One Lakh) each.																								
Discount at which security is issued and the effective yield as a result of such discount	Not applicable																								
Put Option Date	Not applicable																								
Call Option Date	Not applicable																								
Put Option Price	Not applicable																								
Call Option Price	Not applicable																								
Put Notification Time	Not applicable																								
Call Notification Time	Not applicable																								
Face Value	<p>Each NCD shall have a face value aggregating to Rs. 4,00,000 (Rupees Four Lakhs only).</p> <p>Each NCD would comprise of 4 (Four) STRPPs having different ISIN (i.e. STRPP A, STRPP B, STRPP C and STRPP D) with face value of each STRPP being Rs. 1,00,000 (Rupees One Lakh) each.</p>																								
Minimum Application size and in multiples of NCDs thereafter	3 (Three) NCDs of face value of Rs. 4,00,000 each aggregating to Rs. 12,00,000 (i.e. 3 NCDs comprising of 3 STRPP A, 3 STRPP B, 3 STRPP C and 3 STRPP D) and in multiple of 1 (One) NCD of Rs.4,00,000 (comprising of 1 STRPP A, 1 STRPP B, 1 STRPP C and 1 STRPP D) thereafter																								

Trading Lot	1 (one) STRPP of face value of ₹ 1,00,000 (Rupees One Lakh).
Issue Timing	1.Issue Opening Date: April 30, 2025 2.Issue Closing Date: April 30, 2025 3.Pay-in Date: May 02, 2025 4.Deemed Date of Allotment: May 02, 2025
Issuance mode of the Instrument	Dematerialised form only
Trading mode of the Instrument	STRPPs will be traded in dematerialised form only
Settlement mode of the Instrument	Through the clearing corporation of BSE being Indian Clearing Corporation Limited
Depository	NSDL and CDSL
Business/ Working Day Convention	<p>In accordance with the SEBI (Issue and Listing of Non- Convertible Securities) Regulations, 2021, Business day/Working day shall mean all days on which commercial banks are functioning in Prayagraj. In respect of the time period between the Issue Closing Date and the listing of Bonds on the Stock Exchange and with respect to the record date, working day shall mean all trading days of the Stock Exchange for Bonds, excluding Saturdays, Sundays and bank holidays, as specified .</p> <p>If the date of payment of coupon/redemption of principal does not fall on a Working Day, the payment of coupon/principal shall be made in accordance with SEBI Master Circular dated May 22, 2024 bearing reference SEBI/HO/DDHS/PoD1/P/CIR/2024/54, as amended from time to time.</p> <p>If the coupon payment date falls on a Sunday or a holiday, the coupon payment shall be made on the next Business day. However, the dates of the future payments would continue to be as per the schedule originally stipulated in the offer document.</p> <p>If the redemption/maturity date of the STRPP falls on a Sunday or a holiday, the redemption proceeds shall be paid on the previous working day. In such case, along with the redemption proceeds, the coupon accrued on such STRPP shall also be paid on the previous working day as per the cash flows provided under Annexure – VI “Illustration of Bond Cash Flow” of this Placement Memorandum.</p> <p>If a leap year (i.e. February 29) falls during the tenor of the bonds, then the number of days shall be reckoned as 366 days (actual/ actual day count convention) for the entire year, irrespective of whether the interest is payable annually, half yearly, quarterly or monthly.</p> <p>For the purpose of clarification, the payment of interest/redemption shall be made only as per the cash flows provided under Annexure - VI” Illustration of Bond Cash Flow” of this Placement Memorandum.</p>
Record Date	<p>The record date for payment of coupon/interest in connection with the NCDs or repayment of principal in connection therewith shall be 15 (fifteen) Calendar Days prior to the date on which coupon/interest payment is due and payable, and/or in case of redemption, the relevant Redemption Date/ Maturity Date for each relevant STRPP or such other date as may be determined by the Bond Issuance Committee / authorised officer(s) of the Bond Issuance Committee of the Corporation (as permitted under applicable law) thereof from time to time in accordance with the applicable law.</p> <p>In case the record date falls on a day when the Stock Exchange is having a trading holiday, the immediate subsequent trading day or a date notified by the Bond Issuance Committee of the Corporation to the Stock Exchange, will be deemed as the record date.</p> <p>In case of Redemption Date/ Maturity Date of any STRPPs, the trading in the respective STRPP shall remain suspended between the record date and the Maturity Date/Redemption Date.</p>
Security (where applicable) (Including description, type of security, type of charge, likely	The principal amount of the Debentures to be issued with all the Coupon due on the Debentures, as well as costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof has been secured by way of:

<p>date of creation of security, minimum security cover, revaluation, replacement of security).</p>	<p>a) exclusive first charge by way of mortgage over specific fixed asset (Municipal Land) of the Prayagraj Nagar Nigam with minimum security cover of one time of the outstanding Secured Obligations (“Minimum Security Cover”);</p> <p>(b) exclusive first ranking floating charge by way of hypothecation over present and future receivables of Property Tax (or any other tax levied in place of property tax as per Section 173 of the Act);</p> <p>(c) First and exclusive charge by way of hypothecation over the Escrow Account and the account(s) where the Property Tax (or any other tax levied in place of property tax as per Section 173 of the Act) is collected and/ or pooled by Prayagraj Nagar Nigam in each case to the extent of the Property Tax (or any other tax levied in place of property tax as per Section 173 of the Act), collected and/ or pooled in each of such accounts;</p> <p>(d) First and exclusive charge by way of hypothecation over the Interest Payment Account (including the DSRA Amount) and Sinking Fund Account, the funds lying in each such account and any investment(s) made from these account(s);</p> <p>(e) First and exclusive charge by way of hypothecation over the investments made in terms of paragraph 10 and paragraph 11 under the head of term ‘Structured Payment Mechanism’ below and the investments made by utilising the AMRUT Incentive lying in the Escrow Account as per the Permitted Investment(s).</p> <p>The Issuer shall, till any of the Debentures are outstanding, maintain the minimum security cover of 1 time of the outstanding Secured Obligations (“Minimum Security Cover”).</p> <p>Secured Obligations refers to all obligations at any time due, owing or incurred by the Issuer to the Debenture Trustee and the Bond Holders in respect of the Bonds and shall include, without limitation, the obligation to redeem the Bonds in terms thereof including payment of the Coupon on the Coupon Payment Dates, the Redemption Amounts on the relevant due dates together with any Default Interest (if any), any outstanding remuneration of the Debenture Trustee and all fees, costs, charges and expenses payable to the Debenture Trustee and other monies payable by the Issuer in respect of the Bonds under the Transaction Documents.</p> <p>The creation of such security by the Issuer shall be sufficient compliance of the Issuer's obligation to create security.</p> <p>Security Creation Timelines</p> <p>(a) The Security shall be created prior to making the listing application for the NCDs with the Stock Exchange(s).</p> <p>(b) Unless otherwise agreed to by the Debenture Trustee, in the event the above stipulated Security is not created and/or perfected within the timelines as mentioned above or any extended timeline as may be approved by the Debenture Trustee in writing, the NCDs shall carry additional interest, over and above the Coupon Rate, at the rate of 2.0% (two percent) per annum, if any, on the NCDs, computed from the date falling after the expiry of the time period provided above, till creation and perfection of the relevant Security and/or till the execution of the relevant Security Documents.</p> <p>The Issuer shall, till any of the Debentures are outstanding, maintain the Minimum Security Cover.</p>
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Structured Payment Mechanism

1. The Issuer shall open the following accounts for servicing the Coupon and principal amount of the Debentures for the exclusive benefit of the Debenture Holders:

- a. Escrow Account
- b. Interest Payment Account
- c. Sinking Fund Account

2. The Issuer shall set up the separate no-lien Escrow Account and the funds lying in account(s) in which the Property Tax (or any other tax levied in place of property tax as per Section 173 of the Act) is collected and/ or pooled by the Issuer shall be transferred to the Escrow Account for debt servicing on daily basis. Debenture Holders/ Debenture Trustee on behalf of Debenture Holders shall have first and exclusive charge over the Escrow Account and the account(s) where the Property Tax (or any other tax levied in place of property tax as per Section 173 of the Act) is collected and/ or pooled by the Issuer.

3. The Interest Payment Account is an account from which the interest payments on the Debentures will be serviced and the Required DSRA Amount (as hereinafter defined) will also be maintained as per the requirements of the SEBI circular in relation to 'Continuous disclosures and compliances by listed entities under SEBI (Issue and Listing of Municipal Debt Securities) Regulations, 2015' dated November 13, 2019 bearing reference no. SEBI/HO/DDHS/CIR/P/134/2019. Accordingly, the Interest Payment Account meets the requirement of interest payment account and the debt service reserve account as directed under the order of the GoUP dated July 30, 2019 bearing reference no. M-103/9-9-19-58 J/18 & order of the GoUP dated February 06, 2025 bearing reference no. 158/9-9-2025-58J/18TC-1 ("**Governmental Order**").

For ensuring maintenance of the Required DSRA Amount, the Interest Payment Account shall be funded 1 (One) day prior to the Pay-In Date with an amount equal to the 4 (Four) succeeding Coupon payments required to be paid by the Issuer in respect of the Debentures ("**Required DSRA Amount**"). The amounts lying in, or credited into, the Interest Payment Account from time to time towards maintenance of the Required DSRA Amount, shall be hereinafter referred to as the "**DSRA Amount**". In the event of any utilization from the DSRA Amount, the Issuer shall be obliged to replenish the same as per the Interest Payment Mechanism below.

Further, as the interest liability would progressively come down after the peak, the Issuer would be permitted to take out the excess DSRA progressively under intimation to the Debenture Trustee, subject to: (i) no unresolved breach of any covenant or event of default, (ii) no shortfall in any of the Interest Payment Account (including the Required DSRA Amount) or the Sinking Fund Account.

4. The Sinking Fund Account is an account from which the principal redemptions of the STRPPs/NCDs will be made.

5. The funds lying in the Escrow Account shall be used in the following priority:

- (a) The funds should be first utilized to accumulate the Minimum Balance in Escrow Account. The Minimum Balance to be maintained in any monthly period expiring on the Transfer Date (Transfer date here means last date of any monthly period) shall be the amount to be transferred to the Interest Payment Account and Sinking Fund Account on the Transfer Date;
- (b) The Minimum Balance shall not be used for any purpose other than transfer to the Interest Payment Account and Sinking Fund Account;
- (c) The surplus funds, if any, after first accumulating the Minimum Balance can thereafter be transferred to the general fund account(s), after a one-time written instruction providing for such transfer is given by the Debenture Trustee for such monthly period provided however that, in case of a shortfall

	<p>in any of the Interest Payment Account (including towards maintenance of the Required DSRA Amount) or Sinking Fund Account, no transfer to the general fund account(s) shall be effected and the surplus funds shall first be utilised towards funding the relevant account in which there is a shortfall.</p> <p>On a monthly basis, on each Transfer Date, the Minimum Balance maintained as indicated above shall be transferred to the Interest Payment Account and Sinking Fund Account. The Issuer, with the prior written consent of the Debenture Trustee, can transfer the Minimum Balance maintained in Escrow Account to the Interest Payment Account and the Sinking Fund Account on any day prior to the Transfer Date.</p> <p>6. The following amounts will be required to be transferred to the Interest Payment Account and the Sinking Fund Account from the Escrow Account as mentioned above each year (Each year here means each period of 12 months from the Deemed Date of Allotment until the Maturity Date and is also referred to as '12 month block') on first priority basis:</p> <p>a. Interest payment Account (IPA) – Half-yearly interest amount shall be divided into five equal parts and each part shall be transferred to IPA every month for 5 months. Accordingly, 20% of the half yearly coupon payment (along with any further interest payable (by whatsoever name called) as per the terms of the issuance and any shortfall in earlier contribution) shall be transferred to IPA each month as follows:-</p> <p>(i) 1st half year - from 1st to 5th Month (ii) 2nd half year - from 6th to 10th Month</p> <p>b. Sinking Fund Account (SFA) – Total issue size of the Debentures (Rs 50 Crore) shall be divided into 7 parts and each part (Rs. 7.143 Crore) shall be transferred to SFA in each of the 1st to 7th year. Further, this one part shall be sub-divided into 10 sub-parts and each sub-part (Rs. 0.7143 Crore) (along with any shortfall in earlier contribution) shall be transferred to SFA each month for 10 months. Accordingly, 14.28% of STRPP size shall be transferred each year out of which 1.43 % shall be transferred each month for 10 months</p> <p>c. Any shortfall in the funds available in the Escrow Account to complete the aforesaid transfers to the above account(s) shall be made good by the Issuer by transfer from other account(s) of the Issuer.</p> <p>7. The funds lying in the above-mentioned account(s) shall be utilized in the following manner:</p> <p>(a) The funds lying in the Interest Payment Account (apart from the DSRA Amount) will be first utilized for meeting the Coupon payment to the Debenture Holders. In the event that the balance in the Interest Payment Account (apart from the DSRA Amount) is not sufficient for this purpose, the DSRA Amount can be utilized for meeting such shortfall in the Interest Payment Account for making the Coupon payment to the Debenture Holders.</p> <p>(b) The DSRA Amount lying in the Interest Payment Account, can be used to meet (i) any shortfall in the Interest Payment Account for the Coupon payment to be made on any Coupon Payment Date; and thereafter (ii) can be used to meet any shortfall at the time of final redemption of the STRPP (up to the excess DSRA amount) on the respective Redemption Date and at the end of the tenure of the Debentures ("Final Redemption"). However, the DSRA Amount cannot be utilized for any other purpose, including (a) to meet any shortfall in contribution to Sinking Fund Account except at the</p>
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	<p>time of Final Redemption; and (b) to meet any shortfall in the amounts to be transferred to the Interest Payment Account except at the time of actual payment of Coupon on the Debentures.</p> <p>(c) Any surplus amounts available in the Interest Payment Account after making the Coupon payment to Debenture Holders (which is over and above the Required DSRA Amount) should be used to make good any shortfall in contribution to Sinking Fund Account to the extent required for redemption of the STRPPs on the Redemption Dates.</p> <p>(d) The funds lying in the Sinking Fund Account can be used to redeem the Debentures.</p> <p>(e) Any funds lying in the above account(s) can be used for making Permitted Investments. However, the funds (including investment(s)) shall not, without the approval of the Debenture Trustees, be utilized for any purpose other than as mentioned in paragraph (a) to (d) above.</p> <p>(f) Any surplus funds lying in the above account(s) after the Debentures have been redeemed in full and all dues to the Debenture Holders have been paid can be transferred to the Escrow Account on the written instructions of the Debenture Trustee (acting on the instructions of the Issuer).</p> <p>8. The Debenture Trustee, on behalf of the Debenture Holders shall have an exclusive first ranking charge over the Escrow Account and the account(s) where the property tax (or any other tax levied in place of property tax as per Section 173 of the Act) is being collected/pooled by the Issuer, the Interest Payment Account (including the DSRA Amount) and Sinking Fund Account.</p> <p>9. The Debenture Trustee, on behalf of the Debenture Holder(s), shall have an exclusive first charge on the Escrow Account, Interest Payment Account (including the DSRA Amount), and Sinking Fund Account and any Permitted Investment(s) made from these account(s) for the exclusive benefit of the Debenture Holders(s). The amount deposited in the Interest Payment Account (including the DSRA Amount) and Sinking Fund Account shall be used solely for meeting the dues to the Debenture Holders. Any surplus in the above account(s) after the Debentures have been redeemed in full and all the dues to the Debenture Holders have been paid can be transferred to the Escrow Account after obtaining written consent of the Debenture Trustee. No amount can be withdrawn from these account(s) without the approval of Debenture Trustee.</p> <p>10. The funds lying credited in the Escrow Account (to the extent of the minimum balance) and Interest Payment Account (including the DSRA Amount) can be kept in fixed deposits with any scheduled commercial bank with a dual rating of AA+ (Fixed Deposit Program) or above. However, the conditions of the fixed deposits shall not restrict premature withdrawal from the fixed deposit. The lien shall be created in favor of Debenture Trustee on all the investments made in terms hereof. The Issuer shall ensure that funds lying in the escrow accounts shall be invested in accordance with the SEBI ILMDS Regulations and SEBI circulars issued thereunder and Uttar Pradesh Municipal Corporation Act, 1959, to the extent applicable.</p> <p>11. The funds lying to the credit of Sinking Fund Account can be deposited (a) in government securities, or (b) such other instruments which may be permitted both in terms of the SEBI Circulars and also Uttar Pradesh Municipal Corporation Act, 1959. The lien shall be created in favor of Debenture Trustee on all the investments made in terms hereof.</p> <p>12. Any actual interest income earned and received on the Permitted Investment(s) may be utilized by the Issuer, in accordance with the terms set out</p>
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in the Transaction Documents, only: (a) with the prior approval of the Debenture Trustee; and (b) if there is no shortfall in any of the Interest Payment Account (including the Required DSRA Amount) or the Sinking Fund Account.

13. The Escrow Account, Interest Payment Account (including the Required DSRA Amount) and Sinking Fund Account shall be maintained with a scheduled commercial bank rated at least AA+ (Fixed Deposit Program) by two rating agencies throughout the tenor of the Debentures (“Bank”). In case, at any point of time, the rating of senior debt of the Bank falls below AA+ (Fixed Deposit Program) by any rating agency the Issuer shall, with the written consent of Debenture Trustee, move the funds to any other bank satisfying the rating criteria.

14. The Bank shall share statement(s) of these account(s) with Debenture Trustee and the Issuer for such period as may be specified by the Debenture Trustee but not greater than 12 (Twelve) months in any case till such time as the Debentures are redeemed. The Issuer shall share copies of all such reports with the Rating Agencies. The Issuer and Debenture Trustee shall keep the Rating Agencies informed in case of change in the Bank.

Replenishment of Required DSRA Amount as well as funding of shortfall in the sinking fund account in terms of the Tripartite Agreement executed/ to be executed with the GoUP

In terms of the Governmental Order, the GoUP has created a policy for utilisation of the funds in the Infrastructure Development Fund (IDF) for credit enhancement and other needs of local bodies to promote/ incentivise issuance of municipal bonds. One of the terms of the Governmental Order requires the opening of an escrow account, sinking fund account, interest payment account and debt service reserve account by the urban local bodies issuing municipal bonds. As stated above, the Interest Payment Account is a combination of two accounts as required under the Governmental Order, being the interest payment account and the debt service reserve account. Accordingly, the Interest Payment Account will be the account from which the interest payments on the Debentures will be serviced and the account in which the Required DSRA Amount will be maintained.

Pursuant to the Governmental Order, the Issuer has approached the GoUP for entering into the Tripartite Agreement with the Debenture Trustee and the Issuer in respect of the Debentures, for agreeing and covenanting to make payment of funds from the Infrastructure Development Fund in terms of such agreement:

- (a) into the Interest Payment Account on the occurrence of a DSRA Amount Shortfall; and
- (b) into the Sinking Fund Account on the occurrence of a Sinking Fund Mismatch.

The GoUP shall make payment of such amounts as may be required to make good any DSRA Amount Shortfall. In case the DSRA Amount lying in the Interest Payment Account is utilized to fund the shortfall in Interest Payment Account at the time of the Coupon payment, the GoUP shall remit the funds (to the extent that the DSRA Amount utilized to fund the shortfall in the Interest Payment Account for meeting the Coupon payment on such Coupon Payment Date) to replenish the Required DSRA Amount, in terms of the Tripartite Agreement, as per the ‘Interest Payment Mechanism’ as mentioned below.

Further, the GoUP shall make payment of such amounts as may be required to make good any Sinking Fund Mismatch. In case of shortfall in the Sinking Fund Account at the end of each year, the GoUP shall remit the funds to fund the shortfall in the Sinking Fund Account, in terms of the Tripartite Agreement, as per the ‘Principal Repayment (Sinking Fund) Mechanism’ as mentioned below.

Interest Payment Mechanism

The Debenture Trustee shall check the amount lying to the credit of Interest Payment Account (which is over and above the Required DSRA Amount) at 25 (Twenty Five) days prior to the Coupon Payment Date (T-25 days). In case of any shortfall in the amount required to make payment of Coupon on the Coupon Payment Date in the Interest Payment Account (calculated on the basis of the amounts available in addition to the Required DSRA Amount), the Debenture Trustee shall intimate the Issuer of the shortfall and the Issuer shall make good the shortfall in the Interest Payment Account prior to the date falling 10 (Ten) days prior to the Coupon Payment Date (T-10 days). In case of shortfall in the amount required to make payment of Coupon on the Coupon Payment Date in the Interest Payment Account (calculated on the basis of the amounts available in addition to the Required DSRA Amount) at 9 (Nine) days prior to the Coupon Payment Date (T-9 days), the Debenture Trustee shall trigger the payment mechanism and shall instruct the Bank to utilise the DSRA Amount to the extent of the shortfall in the amount required to make payment of the Coupon on the Coupon Payment Date on or prior to the date falling 8 (Eight) days prior to the Interest Payment Date (T-8 days). The Coupon shall be paid by the Issuer on the Coupon Payment Date (T).

In case the DSRA Amount (or part thereof) is utilized to fund the shortfall in the amount required to make payment of the Coupon in respect of any Coupon Payment Date, immediately after the Debenture Trustee has instructed the Bank to utilise the DSRA Amount as above and in any event prior to 7 (Seven) days prior to the relevant Coupon Payment Date (T-7), the Debenture Trustee would issue a notice in writing to the Issuer (and the GoUP shall be informed of the same, by the Debenture Trustee marking a copy of such notice to the GoUP). On the issuance of such notice, the Issuer shall make good the DSRA Amount Shortfall prior to the date falling on the relevant Coupon Payment Date (T). In the event that the shortfall is not made good by the Issuer on the relevant Coupon Payment Date (T), the Debenture Trustee shall issue a notice to the Issuer (and GoUP shall be informed by marking a copy to GoUP) on the date immediately succeeding the relevant Coupon Payment Date (T+1). On issuance of such notice, the GoUP shall remit funds required to replenish the Required DSRA Amount (such that the amount in the Interest Payment Account (calculated on the basis of the amounts available in addition to the Minimum Balance) is at least equivalent to the Required DSRA Amount) within 15 (Fifteen) days from the relevant Coupon Payment Date (T+15) by depositing such amounts in to the Interest Payment Account.

Further, such notice(s) would continue to get served if required, as per the same timelines for subsequent and future servicing. If any overdue on account of past servicing from the DSRA Amount continues to remain and the Required DSRA Amount continues to remain un-replenished, then such overdue amount would be added in the subsequent notice.

In any of the milestone days mentioned in the T-Structure above happens to not be a Business Day, the immediately preceding Business Day would be the deemed date for execution of the relevant action.

Principal Repayment (Sinking Fund) Mechanism

The Debenture Trustee shall check the balance in the Sinking Fund Account prior to the end of each 12 Month Block and in case of any Sinking Fund Mismatch, it shall be replenished as per the following mechanism:-

The Debenture Trustee shall check the amount lying to the credit of Sinking Fund Account at 25 (Twenty Five) days prior to the end of each 12 Month Block (T-25 days). In case of any Sinking Fund Mismatch, the Debenture Trustee shall intimate the Issuer of the shortfall (and the GoUP shall be informed by marking a copy to the GoUP) and the Issuer shall make good the Sinking Fund Mismatch

	<p>prior to the date falling 15 (Fifteen) days prior to end of each 12 Month Block (T-15 days).</p> <p>In case of shortfall in any amount still persists in the Sinking Fund Account at 14 (Fourteen) days prior to the end of each 12 Month Block (T-14 days), the Debenture Trustee shall trigger the payment mechanism and issue a notice to the Issuer (and the GoUP shall be informed by marking a copy to the GoUP). On the issuance of such notice, the GoUP shall remit funds to fund the shortfall into the Sinking Fund Account prior to the end of each 12 Month Block (T).</p> <p>The redemption shall be made by the Issuer on the relevant Redemption Dates.</p> <p>The Debenture Trustee shall keep the Rating Agencies informed of any shortfall in the Interest Payment Account (including in the Required DSRA Amount) and Sinking Fund Account.</p>
Government incentive	<p>PNN is expected to receive incentive from Government of India in terms of notification number K-14012/01/2022-AMRUT-IIB dated April 07, 2025 and any subsequent notification (“AMRUT Incentive”).</p> <p>The AMRUT Incentive, as and when received by the Issuer, shall be deposited in the Escrow Account. Within 10 (Ten) working days of receipt of the AMRUT Incentive in the Escrow Account, the Issuer shall utilize such amounts to create fixed deposits with any scheduled commercial bank with a dual rating of AA+ (Fixed Deposit Program) or above; provided however that, the Issue shall not utilize the AMRUT Incentive for any purpose other than for creation of such fixed deposits. However, the conditions of the fixed deposits shall not restrict premature withdrawal from the fixed deposit.</p> <p>A lien shall be created in favor of Debenture Trustee over such fixed deposits throughout the tenor of the Debentures. Interest amounts earned on such fixed deposits shall be utilizable by the Issuer, in accordance with the terms set out in the Transaction Documents.</p>
Financial Covenants	<p>1. The Issuer shall, at all times till the Debentures are outstanding, ensure that the total amounts collected in the Escrow Account in any financial year shall be at least 2 (Two) times of the Annual Payments Amount. For the purpose of this term sheet, the term ‘Annual Payments’ shall, in respect of any financial year, mean the aggregate of: (a) the Coupon payable in such year (in relation to the present bond issue and any further borrowings); and (b) the portion of principal amount of the Debentures which are required to be deposited by the Issuer into the Sinking Fund Account in such financial year (in relation to the present bond issue and any further borrowings), in terms hereof.</p> <p>1. Debt Service Coverage Ratio (DSCR) shall mean the ratio of operating surplus to total debt servicing, which shall not be less than 1.50 times of operating surplus calculated as on 31st March for each year financial year (starting from 31st March 2026 till the time bonds are outstanding) as below:</p> <p>DSCR = operating surplus / total debt service</p> <p>i. Operating surplus calculated as the below:</p> <p>Operating Surplus = Total Income — Adjusted Expenditure</p> <p>a. Total income = Total income of the corporation as per the audited Income and Expenditure statement.</p> <p>b. Adjusted Expenditure = Total expenditure as per the audited Income and Expenditure statement - Depreciation - Finance charges - Provisions and Write offs - other non-cash expenditures</p> <p>2. Total debt service = interest payment of loans and bonds + transfers made to the sinking fund account towards principal repayment / redemption + principal repayment / redemption (Excluding those made out of the sinking fund account).</p>

	<p>So long as the Eligibility Conditions are met, the Issuer shall be entitled to raise further financial indebtedness based on its cash flows including the cash flows through the Escrow Account, provided that nothing in this provision should be construed to permit the creation of any encumbrance over the hypothecated property without the express prior written consent of the debenture trustee, subject to Applicable Law.</p> <p>For the purpose of this term sheet, the term ‘Eligibility Conditions’ shall mean the following conditions: (a) the Annual Payments Ratio is maintained by the Issuer; (b) the Minimum DSCR of 1.50 times is maintained by the Issuer (c) there is no shortfall in the contribution to the Escrow Account, the Interest Payment Account (including towards maintenance of the Required DSRA Amount) and/or the Sinking Fund Account which has not been made good by the Issuer in terms of the Transaction Documents; (d) no Event of Default has occurred.</p> <p>2. Other financial covenants as defined in the Transaction Documents</p>
Affirmative, Informative and Negative Covenants	As indicated in Annexure VIII and more specifically set out in Debenture Trust Deed.
Transaction Documents	The documents executed in relation to or which are relevant to the Issue including the Preliminary Placement Memorandum/ this Placement Memorandum along with all annexures, the Tripartite Agreement with the Debenture Trustee and the Government of Uttar Pradesh, the Issue Agreement, the Issue Proceeds Agreement, the Debenture Trustee Agreement, the Registrar Agreement, the Debenture Trust Deed, the Deed of Hypothecation, Memorandum of Deposit of Title Deeds, the Escrow Agreement, the Tripartite Agreements with NSDL and CDSL and any other agreement or document designated as such by the Debenture Trustee (acting on the instructions of the Majority Debenture Holders).
Conditions Precedent to Disbursement	<p>The subscription from investors shall be accepted for allocation and allotment by the Issuer subject to the following and in compliance to SEBI Guidelines in this regard:</p> <ol style="list-style-type: none"> 1. Rating letters for provisional rating from two credit rating agencies (“Rating Agency(ies)”) not being more than one month old from the Issue Opening Date; 2. Letter from the Debenture Trustee conveying their consent to act as debenture trustee for the Debenture Holder(s); 3. Letter from BSE conveying its in-principle approval for listing of the Debentures; 4. Other conditions precedent set out in the Debenture Trust Deed and as specified in the SEBI ILMDS Regulations.
Conditions Subsequent to Disbursement	<p>The Issuer shall ensure that the following documents are executed/ activities are completed within the relevant timelines set out in the Transaction Documents:</p> <ol style="list-style-type: none"> 1. Credit of demat account(s) of the allottee(s) by number of Debentures allotted as per the BSE -EBP operational guidelines; 2. Listing of the Debentures within 3 (Three) days from the Issue Closing Date; 3. Security creation as per the terms of Transaction Documents and in compliance with other regulatory guidelines, as applicable; 4. Other conditions subsequent set out in the Debenture Trust Deed and as specified in the SEBI ILMDS Regulations.
Events of Default	The following shall constitute an Event of Default under the Transaction Documents:

	<ol style="list-style-type: none"> 1. Any payments due in respect of the Bonds have not been paid on the relevant Due Date; 2. The Issuer breaches any representation or warranty provided by the Issuer in terms of the Transaction Documents or fails to duly perform any other obligation arising from the Bonds and such breach or failure which continues for more than 30 (Thirty) days after the Issuer has received a notice thereof from the Debenture Trustee; 3. The Issuer commits a breach of any Financial Covenants as provided above; 4. Any change in the constitution of the Issuer which results in change in status of the Issuer; 5. Failure of the Issuer/GoUP to replenish the Required DSRA Amount and to fund the Sinking Fund Mismatch as per the timelines set out under the Transaction Documents; 6. The credit rating assigned to the Debentures by the Rating Agencies falls below the rating assigned by them at the time of the Issuance of the debentures; 7. Failure of the Issuer to list the Debentures on BSE within a period of 3 (Three) working days from the Issue Closing date; 8. Failure of the Issuer to deposit the amounts into Payment Accounts in terms of the Transaction Documents; 9. Failure of the Issuer to create and/or perfect the Security in the manner and within the time period prescribed therefor; 10. It is or becomes unlawful for the Issuer to perform any of its obligations under the Transaction Documents or if the Transaction Documents or any part thereof ceases, for any reason whatsoever, to be valid and binding or in full force and effect; 11. If the Issuer repudiates the Debenture Trust Deed or any of the other Transaction Documents, to which it is a party; 12. If any regulatory or statutory approval, permit, license or other certificate required by the Issuer under Applicable Law, is withdrawn or not granted or not renewed; 13. Any step is taken by Government Authority or agency or any other competent authority, with a view to the seizure, compulsory acquisition, expropriation or nationalization of all or (in the opinion of the Debenture Trustee) a material part of the assets of the Issuer; 14. Execution of distress being enforced or levied by against whole or substantial part of the assets of the Issuer and any order relating thereto is not discharged or stayed within a period of 30 (thirty) days from the date of enforcement or levy; 15. If the Issuer fails to make payment of any Financial Indebtedness when due or otherwise commits any breach of the provisions of any agreement entered into in respect of any Financial Indebtedness availed of by it (in respect of which breach either no cure period is available or where a cure period is available fails to cure such breach within the available cure period); 16. The Issuer has admitted in writing that the Issuer is unable to pay its debts as they fall due and/ or the Issuer stops, suspends or threatens to stop payment of all or any of its Financial Indebtedness or proposes or makes an arrangement for the deferral, re-scheduling or other re-adjustment of all or any of its Financial Indebtedness or proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such Financial Indebtedness or a moratorium
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	<p>is agreed or declared in respect of or affecting all or any parts of the Financial Indebtedness of the Issuer;</p> <p>17. In the event that any legal proceedings or governmental proceedings are initiated against the Issuer or claims are made against the Issuer, which, in the opinion of the Debenture Trustee, may impair the Issuer's ability to perform its obligations undertaken in terms of the Transaction Documents;</p> <p>18. Any information given by the Issuer is misleading or incorrect in any respect;</p> <p>19. The occurrence of any event which constitutes a Material Adverse Change;</p> <p>20. If in the opinion of the Debenture Trustee, the Security is in jeopardy;</p> <p>21. If the Issuer voluntarily creates or attempts to create any encumbrance on the Mortgaged Property and Hypothecated Property or any part thereof, other than as expressly permitted under the Transaction Documents;</p> <p>22. In the event that the Security Cover falls below the Minimum Security Cover and the Issuer fails to provide additional assets to ensure maintenance of such security cover requirements within the timelines and in the manner stipulated under the Transaction Documents;</p> <p>23. If the Security (or any part thereof) becomes unenforceable, illegal or invalid or any restriction, imposition, attachment or any similar event has been levied on the Mortgaged Property and Hypothecated Property; and</p> <p>24. If the Issuer ceases without the consent of the Debenture Holder(s), or threatens to cease to carry on its business or gives notice of its intention to do so.</p> <p>25. Other events as may be set out in the Debenture Trust Deed.</p>
Creation of Recovery Expense Fund	The Issuer will transfer the required amount towards recovery expense fund in the manner as specified by SEBI in Chapter IV of the Master Circular for Debenture Trustee bearing no. SEBI/HO/DDHS-PoD3/P/CIR/2024/46 dated May 16, 2024 as amended from time to time with the Stock Exchange and will inform the Debenture Trustee regarding transfer of amount toward such fund.
Provisions related to Cross Default Clause	As provided under the head "Events of Default" above and will be set out the Debenture Trust Deed to be executed in accordance with applicable law.
Default Interest	<p>(a) All monies due in respect of the Debentures shall, in case the same be not paid on the respective due dates, carry further interest at the rate of 2% (Two Percent) per annum, which shall be paid over and above the Coupon Rate for the period during which such default continues;</p> <p>(b) In case of delay in execution of the Debenture Trust Deed and security documents, PNN will pay penal interest of at least 2% p.a. (Two percent per annum), which shall be paid over and above the Coupon Rate for the period during which such default continues;</p> <p>(c) In case of delay in listing of the Debentures beyond 3 (Three) days from the Issue Closing Date, the Issuer shall pay penal interest of at least 1% p.a. (One percent per annum) which shall be paid over and above the Coupon Rate for the period of delay (i.e. from the date of allotment to the date of listing) as specified in Chapter VII of the SEBI Master Circular.</p> <p>(d) Other provisions as set out in the Transaction Documents.</p>
Role and Responsibilities of Debenture Trustee	As per SEBI (Debenture Trustees) Regulations, 1993, SEBI (Issue and Listing of Municipal Debt Securities) Regulations, 2015, and the Debenture Trust Deed and SEBI Master Circular for Debenture Trustees.
Governing Law and Jurisdiction	The Debentures and the Transaction Documents (other than the Issue Proceeds Agreement) shall be governed by and construed in accordance with the laws of India and the parties submit to the exclusive jurisdiction of courts and tribunals in Prayagraj. The Issue Proceeds Agreement shall be governed by and construed in

	accordance with the laws of India and the parties submit to the exclusive jurisdiction of courts and tribunals in Mumbai.
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