

PATIL RAIL INFRASTRUCTURE PRIVATE LIMITED
INR 100,00,00,000 NON-CONVERTIBLE DEBENTURES
SUMMARY OF INDICATIVE TERMS AND CONDITIONS

Important Note: This term sheet does not constitute an offer and is solely for discussion purposes. The term sheet shall not be construed as creating any obligations on any party, except the "Survival", "Exclusivity", "Confidentiality", "Expenses" and "Governing Law" clauses, and shall not be binding on any party unless the Conditions Precedent contained herein are satisfied and the terms of the proposed investment are contained within definitive documents which are negotiated, executed and delivered in connection with the closing of such funding. Additional or alternative terms may be required after due diligence enquiries are made. The terms and conditions of this Term Sheet are confidential, subject to internal approvals, and should not be disclosed to any third party without the prior written consent of the Investor.

Issuer	: Daya Engineering Works Pvt. Ltd. ("Issuer")
Parent	: Patil Rail Infrastructure Private Limited ("Parent")
Group	: Issuer, Parent and Parent's subsidiaries (jointly known as the "Group")
Sponsors	: Mr. LS Patil and Mrs Padmaya Patil
Guarantors	: Parent, Mr. LS Patil and Mrs Padmaya Patil
Investor	: Koi Structured Credit Pte Limited ("Koi"), a fund company incorporated in Singapore and managed by Olympus Capital Asia Credit ("OCAC") and one other investor
Facility	: INR denominated rated and unlisted Non-Convertible Debentures ("Facility")
Facility Amount	: Up to INR 100 crores
Purpose	: To fund growth capital expenditure and general corporate purposes
Maturity Date	: 15 October 2020
Subscription	: Subject to satisfaction of the Conditions Precedent and five days' notice, one single drawdown will be permitted during the Availability Period.
Availability Period	: Before 15 July 2019
Repayment	: The Facility shall be fully repaid, together with all accrued interest in a single bullet payment on the Maturity Date.
Security Trustee	: Vistra ITCL (India) Limited
Interest Rate	: 13% per annum payable in cash at the end of every quarter (each an "Interest Payment Date") in arrears on the outstanding principal amount of the Facility ("Cash Interest"). Interest calculations will be made based on the actual/365 days.

Debt Service Reserve Account ("DSRA")	: Nil
Mandatory Prepayment	: <ul style="list-style-type: none"> (a) Upon illegality, the Investor may cancel its commitment and/or require prepayment of the Facility plus all accrued and unpaid interest up to the date of prepayment. (b) Upon Change of Control, the Issuer shall prepay the entire outstanding principal amount of the Facility plus all accrued and unpaid interest up to the date of prepayment and Conditional Additional Redemption Premium (if applicable) and subject to the Make-whole.
Voluntary Prepayment	: Subject to applicable law, permitted in whole or in part at any time after the last day of the Availability Period on at least 30 calendar days prior notice ("the Prepayment Notice") together with all accrued and unpaid interest up to the date of prepayment and Conditional Additional Redemption Premium (if applicable) and subject to the Make-whole.
Make-whole	: Any Voluntary Prepayment, Mandatory Prepayment as a result of Change of Control, or any payment pursuant to an acceleration of the Facility made prior to 12 months from the funding date shall be in an amount that is at least 1.177x of the Facility Amount (the "Make-whole Amount"). Any Cash Interest paid till such date (but excluding any Default Interest payment if applicable) shall be deducted from the Make-whole Amount.
Default Interest Rate	: 3% p.a. above the Interest Rate on all amounts due and unpaid. To be calculated from the due date to the date of actual payment.
Guarantee	: All the obligations under the Facility shall be guaranteed by the Guarantors.
Security	: The Facility shall be secured by the same security package provided to the holders of existing non convertible debenture facility dated 28 October, 2016 ("Existing NCDs"). In addition, the security package shall include first ranking security on all the fixed assets that are being funded from the Facility. Security shall be in the name of the Security Trustee that shall hold the security in favour of the holders of Existing NCDs and the Investor. Security shall be in form and substance satisfactory to the holders of Existing NCDs and the Investor.
Conditional Additional Redemption Premium ("CARP")	: <p>If the Facility is prepaid / repaid any time after 18 months from the funding date, the Issuer shall pay an additional redemption premium (if applicable) at the time of repayment / prepayment ("CARP Amount") as follows:</p> <p>Let the initial equity valuation be V_0 computed based on the computation described in the Annexure ("Valuation Method") as applied to the consolidated financial statements of the Parent as of 31 March 2019.</p> <p>Participation Amount = $\text{Facility Amount} / V_0 * (V_1 - V_0) * 35\%$</p> <p>where V_1 is the equity value computed as the average of V_a, V_b, V_c and V_d that are determined as follows:</p> <p>V_a is the equity valuation computed based on the Valuation Method as applied to the consolidated financial statements of the Parent as of March,</p>

June, September or December (the "First Date") that is prior to and closest to the repayment / prepayment date

V_b is the equity valuation computed based on the Valuation Method as applied to the consolidated financial statements of the Parent as of the quarter end that is three months prior to the First Date (the "Second Date")

V_c is the equity valuation computed based on the Valuation Method as applied to the consolidated financial statements of the Parent as of the quarter end that is three months prior to the Second Date (the "Third Date")

V_d is the equity valuation computed based on the Valuation Method as applied to the consolidated financial statements of the Parent as of the quarter end that is three months prior to the Third Date

Participation IRR is the IRR computed based on cash flows obtained from subscription of the Facility, repayment / prepayment of the Facility on the proposed repayment / prepayment date and payment of Participation Amount on such date.

If Participation IRR is less than 3%, then CARP Amount shall be equal to zero.

$\text{CARP IRR} = \text{Participation IRR} - 3\%$

CARP Amount shall be an amount such that the IRR computed based on cash flows obtained from subscription of the Facility, repayment / prepayment of the Facility on the proposed repayment / prepayment date and payment of CARP Amount on such date shall be equal to CARP IRR.

Notwithstanding the above, if Facility IRR is greater than 18%, then CARP Amount shall be reduced such that Facility IRR is equal to 18%.

Facility IRR is the IRR computed based on cash flows obtained from subscription of the Facility, Cash Interest payments, repayment / prepayment of the Facility on the proposed repayment / prepayment date and payment of CARP Amount on such date.

For the avoidance of doubt, the Amendment Fee shall not be included in the Facility IRR.

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| Change of Control | : | The Sponsors ceasing to own 65% of the shareholding in the Parent and its subsidiaries except for joint venture companies, or ceasing to control the board of the Parent and its subsidiaries. |
| Financial Covenants | : | For the quarter ending June 2019, Sep 2019 and Dec 2019, Total Debt / LTM EBITDA not to exceed 3.50x, 3.25x, and 3.00x respectively; and LTM EBITDA / LTM Interest not less than 2.25x, 2.25x and 2.50x respectively. For other periods, financial covenants to mirror Existing NCDs. |

General Undertakings	: Undertakings shall mirror the undertakings from Existing NCDs and be provided by the Parent and the Issuer on behalf of itself and on behalf of the Group companies (as applicable).
Informational Covenants	: To mirror the informational covenants from Existing NCDs. The Issuer shall promptly notify the Security Agent of any default at any of the Group companies.
Representations & Warranties	: With agreed repetitions and at agreed times, the Issuer will make representations usual for transactions of this nature both on behalf of itself and on behalf of the Group companies (as applicable) and shall mirror the representations and warranties from Existing NCDs.
Events of Default	: Events of Default shall mirror the Events of Default used in the Existing NCDs.
Conditions Precedent to drawdown	: Conditions precedent will be usual for transactions of this nature, and will mirror the Conditions Precedent used in the Existing NCDs including (but not limited to) the following in relation to the Issuer: <ul style="list-style-type: none"> (a) Award of tender CS172 to support the Group's order book (b) Parent's consolidated financial statements or management accounts for the period ended 31 December 2018 (c) the agreed base case business plan and model (d) Lender consents, if required (e) Updated group structure (f) any other document, authorization, opinion or assurance specified by the Investor or the Security Trustee (g) Additional items may be determined following the receipt of legal advice <p>All documents and evidence set out above must be in form and substance satisfactory to the Investor.</p>
Conditions Subsequent	: Customary for transactions of this nature, including (but not limited to) the evidence of use of proceeds.
Condition Precedent to Prepayment / Repayment	: The Issuer shall deposit cash in a charged account that will cover the amount of prepayment / repayment and any accrued interest up to the date of prepayment / repayment at least 15 calendar days prior to the date of prepayment / repayment.
Transferability	: The Investor shall be permitted to assign or transfer any of its rights and obligations under the Facility to any party except a Competitor. Competitor shall be any party that is an existing vendor to any railway system in the world.
Amendments and waivers	: Customary provisions for a Facility of this type.

- Documentation** : Facility Agreement and security documents, each in form and substance satisfactory to the Investor.
- Taxes & Deductions** : Any withholding taxes associated with interest payments shall be borne by the Investor.
- Indemnification** : The Parent and the Issuer shall indemnify and hold harmless each Investor and each of its respective affiliates, directors, officers, employees, agents, advisors and representatives (each an "Indemnified Party") from and against any and all claims, damages, losses, liabilities and expenses (altogether "Losses") that may be incurred by or awarded against any Indemnified Party in relation to a claim, suit, investigation or proceeding arising out of this Term Sheet or the transactions contemplated hereby, except to the extent such Losses are resulted from such Indemnified Party's gross negligence or wilful misconduct. The Parent and the Issuer's obligations under this paragraph shall be effective whether or not the Facility Agreement is signed but shall terminate upon the signing of the Facility Agreement and be superseded by the indemnification provision typical of a financing of this nature included therein.
- Expenses** : All out-of-pocket expenses and taxes incurred by the Investor in connection with the preparation, execution, finalisation and delivery of the Facility documentation (including fees and expenses of the legal counsel to the Investor) shall be borne and settled in full directly by the Issuer. However, in case the Facility could not be consummated for reasons other than any default or withdrawal on the part of the Issuer, the Investor shall reimburse 50% of all documentation costs that have been actually incurred by the Issuer.
- Confidentiality** : The Term Sheet and its content are intended for the exclusive use of the Issuer and shall not be disclosed by the Issuer to any person other than their legal and financial advisors for the purposes of the proposed transaction.
- Survival** : This Term Sheet records the intent of the parties but is not legally binding upon the parties except for the "Survival", "Exclusivity", "Confidentiality", "Indemnification", "Expenses" and "Governing Law" clauses.
- Exclusivity** : From the date of signing this Term Sheet, the Parent and the Issuer will ensure that no other debt or securities or guaranteed debt or securities of the Issuer are mandated (other than working capital facilities and term loans for which the Group has already received sanction / in-principle approval for sanction / is in the verge of receiving sanction / in-principle approval) until two months thereafter.
- Governing Law** : This Term Sheet and any non-contractual obligations in relation to it are governed by Indian law.
- The Facility Agreement will be governed by Indian law and be subject to the non-exclusive jurisdiction of the courts of India. The security will be governed by applicable local law.

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For and on behalf of

Olympus Capital Holdings Asia Pte. Ltd.

By: 

Name: Nitish Agarwal

Title: Chief Investment Officer

Date:

Accepted and Agreed

For and on behalf of

Patil Rail Infrastructure Private Limited

By: 

Name: Rucha Vikharankar

Title: Chief Financial Officer

Date:

Annexure

VALUATION METHOD

Valuation parameters on the date of the valuation:

- (a) EBITDA: EBITDA as per the consolidated financial statements of the Parent for the trailing twelve month period. EBITDA would exclude (i) one-off income or expenses, (ii) any adjustments or write-offs for bad debt.
- (b) Total Debt: Total debt shall include Financial Indebtedness of the Group as per the financial statements on the date of the valuation.
- (c) Cash: Cash as per the consolidated financial statements of the Parent on the date of the valuation.
- (d) EBITDA multiple: [10]

Equity valuation shall be equal to $\text{EBITDA} * \text{EBITDA multiple} - (\text{Total Debt} - \text{Cash})$

Financial Indebtedness means any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) any amount raised by acceptance under any acceptance credit, bill acceptance or bill endorsement facility;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, be treated as a finance or capital lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis); and
- (f) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution.