

PATIL RAIL INFRASTRUCTURE PRIVATE LIMITED

INR 1,600,000,000 FACILITY

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 Arranger and the Investors.

Issuer	:	Patil Rail Infrastructure Private Limited ("Issuer")
Group	:	Issuer and its Subsidiaries ("Group")
Subsidiaries	:	Daya Technical Services Private Limited, Daya Engineering Works Private Limited, ICON Sleeper Tracks Private Limited, Kallakal Foundry Casting Products Private Limited and Patil SMH JV Private Limited and any future ones (collectively known as the "Subsidiaries")
Sponsors	:	Mr. L.S. Patil and Mrs. Padmaja Patil
Guarantors	:	Mr. L.S. Patil and Mrs Padmaja Patil ("Guarantors")
Arranger	:	Olympus Capital Holdings Asia Pte. Ltd. and Investec Capital Services (India) Private Limited
Existing NCDs	:	<ul style="list-style-type: none">• Up to INR135 crores of partly-paid, listed, rated, secured and redeemable non-convertible debentures issued by Patil Rail Infrastructure Private Limited; and• Up to INR100 crores of unlisted and secured non-convertible debentures issued by Daya Engineering Works Private Limited (jointly known as the "Existing NCDs").
Facility	:	INR denominated rated and listed non-convertible debentures in three separate tranches ("Facility").
Listing	:	Non-convertible debentures to be listed on National Stock Exchange of India Ltd.
Facility Amount	:	Up to INR 160 crores ("Facility Amount") split into three tranches as follows: Tranche A – INR 110 crores Tranche B – INR 35 crores Tranche C – INR 15 crores
Investors	:	Tranche A: 50% by [], an entity that is advised or managed by Olympus Capital Holdings Asia Pte. Ltd. ("Olympus"); and 50% by [], an affiliate of Investec Capital Services (India) Private Limited ("Investec") Tranche B: 50% by Olympus and 50% by Investec Tranche C: 100% by Investec

- Purpose** : To partly refinance the Existing NCDs.
- Maturity Date** : Tranche A – March 31, 2024
Tranche B and Tranche C – 4 years from the Funding Date (“Maturity Date”).
- Availability Period** : 10 days from the date of signing of Facility documentation.
- Subscription** : Subject to satisfaction of the Conditions Precedent and five days' notice, one single drawdown will be permitted during the Availability Period (“Funding Date”).
- Repayment** : Tranche A:

Tranche A will be repaid in accordance with the following schedule:

Repayment Date	% of Facility Amount
Mar 31, 2021	6.0%
June 30, 2021 to 31 Dec, 2022 (on every Quarterly Payment Date)	5.5%
Mar 31, 2023 to 31 Dec, 2023 (on every Quarterly Payment Date)	10.0%
Mar 31, 2024	15.5%

Tranche B:

Tranche B will be repaid in accordance with the following schedule:

Repayment Date	% of Facility Amount
Sep 30, 2024	45%
Maturity Date	55%

Tranche C:

Tranche C will be repaid in accordance with the following schedule:

Repayment Date	% of Facility Amount
Maturity Date	100%

For the avoidance of doubt, any repayment will first be applied for the reduction in accrued Interest followed by the reduction in outstanding Facility Amount.

Quarterly Payment Date for each calendar year shall be each of 31st March, 30th June, 30th September and 31st December. The first Quarterly Payment Date shall be 31st March 2021 with final repayment date being Maturity Date.

- Security Trustee** : Vistra ITCL (India) Limited. The Security Trustee shall hold the security on behalf of the Investors of all the tranches of the Facility.

- Upfront fee** : Tranche A – Nil
Tranche B – INR 43.5 million
Tranche C – INR 24.5 million
- Interest Rate** : Tranche A – 12.25% per annum
Tranche B – 20% per annum
Tranche C – 9% per annum

The Interest on Tranche A is paid in cash on each Quarterly Payment Date in arrears on the outstanding principal amount of Tranche A.

The Interest on Tranche B shall accrue on each Quarterly Payment Date in arrears on the outstanding principal amount of Tranche B and shall be deferred and paid in cash as follows:

Interest Payment Date	INR million
June 30, 2024	205
Sep 30, 2024	An amount such that all outstanding deferred Interest of Tranche B is fully paid
Maturity Date	All outstanding Interest of Tranche B

The Interest on Tranche C shall accrue on each Quarterly Payment Date in arrears on the outstanding principal amount of Tranche C and shall be deferred and paid in cash on the Maturity Date.

Interest calculations will be made based on the actual/365 days.

- Interest Service Reserve Account (“ISRA”)** : Amount equivalent to 3months' interest due on Tranche A to be deposited in a separate account (“ISRA Account”) charged with the Security Trustee for the benefit of the Investors
- Mandatory Prepayment** :
- (a) Upon illegality, the Investors 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 subject to the Make-whole.
 - (c) Termination of CS-172 contract with Indian Railways
 - (d) Claims: 100% of proceeds, following a claim under an insurance policy, any other insurance pay-outs, indemnities under any contracts accruing to the Issuer or Group which is not reinvested back into business within agreed timelines, to be utilised towards prepayment of the NCDs, subject to applicable regulations and mutually agreeable carve-outs.
- Voluntary Prepayment** : Subject to applicable law and minimum prepayment amount of INR10 crores, permitted in whole or in part at any time with at least 30 calendar

days prior notice ("the Prepayment Notice") together with all accrued and unpaid interest up to the date of prepayment on the prepayment amount and subject to the Make-whole.

Any voluntary prepayment shall be applied pro-rata between Tranches A, B and C of the Facility.

For the avoidance of doubt, any prepayment will first be applied for the reduction in accrued Interest on the prepaid amount followed by the reduction in outstanding principal amount of each tranche in the order of maturity.

- Make-whole** : In case of any Voluntary Prepayment, Mandatory Prepayment or any payment pursuant to an acceleration of the Facility made prior to 24 months from the Funding Date, Make-whole Amount shall be equal to the Interest that would have accrued on the amount prepaid from the date of prepayment until the expiry of 24 months from the Funding Date ("Make-whole Amount").
- Make whole will not be applicable in case of prepayment as a result of illegality.
- Default Interest Rate** : 2% 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 following:
- First ranking security over 100% of the shares of the Issuer and its Subsidiaries; and
 - First ranking security over all assets of the Group except assets that are charged to working capital lenders with minimum security cover (basis book value) to be at least []x;
 - Guarantees from Daya Engineering Works Pvt Ltd and Icon Sleeper Track Pvt Ltd;
 - Charge over ISRA Account;
- Security shall be in the name of the Security Trustee that shall hold the security in favour of Investors on a pari-passu basis across all the three tranches of the Facility. Security shall be in form and substance satisfactory to the Investors.
- Change of Control** : The Sponsors ceasing to own 76% of the shareholding in the Issuer and its Subsidiaries (except in the case of IPO where the Sponsors shareholding can be reduced to 51%) or ceasing to control the board of the Issuer and its Subsidiaries, subject to the condition that any dilution of the existing shareholding of the Sponsors is due to primary issuance of shares in the Issuer.
- For the avoidance of doubt, secondary sale of shareholding by the Sponsors is not permitted.
- Financial Covenants** : a) No other indebtedness at the Group except (i) working capital debt (maximum working capital debt levels to be finalized on the agreed

base case business plan), (ii) issue of performance guarantees in the normal course of business; (iii) equipment finance loans in an amount aggregating to INR [] million; and (iv) term loans subject to the approval of the Investors. The Group has to be in compliance with the financial covenants on a pro-forma basis at the time of incurrence of any additional debt;

- b) Total Consolidated Debt to EBITDA as follows:
 - Up to March 2022: 3.0x
 - After March 2022 and up to March 2023: 2.5x
 - After March 2023: 2.0x
- c) Interest Coverage ratio (EBITDA to Interest expense) of at least 1.5x;
- d) Maximum Capex / Acquisition / Investment / Loans and Advances at the Group; levels to be finalized. Within this limit, during the life of the Facility, an aggregate amount of up to INR 200 million can be utilized for making joint venture investments where shares acquired from such investment will not be pledged. For the avoidance of doubt, any investment in joint ventures in excess of aggregate amount of INR 200 million will require consent from the Investors;
- e) Any disposals beyond agreed thresholds will require prior written approval from Investors;
- f) No loans and advances permitted to related parties except in the ordinary course of business to Sangam Wires Private Limited subject to a maximum amount of INR [] million;
- g) Subordination and assignment of shareholder loans, if any;
- h) Minimum credit rating of BB to be maintained;
- i) Promoters to not engage in or be involved in any business which is in direct competition to the business of the Group.

Covenants to be tested quarterly on a consolidated basis for the trailing 12-month period.

General Undertakings : Undertakings (including but not limited to the following list) shall be provided by the Issuer on behalf of itself and on behalf of the Group (as applicable). Undertakings will be subject to any qualifications and exceptions as may be agreed and including agreed grace periods, materiality thresholds, permitted baskets and exceptions).

Authorisations and compliance with laws

- (a) authorisations
- (b) compliance with laws
- (c) environmental compliance
- (d) anti-corruption law
- (e) sanctions
- (f) taxation

Restrictions on business focus

- (g) restriction on merger
- (h) no change of business

- (i) restriction on acquisitions other than permitted under Financial Covenants

Restrictions on dealing with assets and security

- (j) preservation of assets
- (k) pari passu ranking
- (l) negative pledge
- (m) restriction on disposals
- (n) restriction on sale of subsidiaries
- (o) restriction on entering into transactions other than on an arm's length basis

Restrictions on movements of cash: cash out

- (p) restriction on loans or credit (except in ordinary course of business)
- (q) restriction on provision of guarantees or indemnities (except in ordinary course of business as permitted under Financial Covenants)
- (r) no dividends/distributions by the Issuer
- (s) no share redemption and share buyback

Restrictions on movements of cash: cash in

- (t) no financial indebtedness other than as permitted under Financial Covenants

Miscellaneous

- (u) insurance
- (v) pensions
- (w) access
- (x) intellectual property
- (y) treasury transactions

**Informational
Covenants**

: The Issuer shall undertake to deliver to the Investors each of the following:

- (a) as soon as they become available, but in any event within 150 days of the end of the financial year, the audited consolidated financial statements of the Group for that financial year;
- (b) as soon as they become available, but in any event within 45 days of the end of the financial quarter, the consolidated financial statements of the Group for that financial quarter;
- (c) with each set of audited consolidated financial statements and each set of consolidated quarterly financial statements, a compliance certificate signed by a Guarantor and one other director of the Issuer;
- (d) as soon as it becomes available, but in any event within an agreed period before the start of each of the financial years, an annual budget of the Group for that financial year;

- (e) all documents dispatched by the Group to their shareholders;
- (f) all financial information sent to the board members of the Issuer including management accounts, business plan and budget;
- (g) a quarterly call with the management team to get an update on the business and financial performance at the Group;
- (h) details of any material litigation, arbitration or administrative proceedings at the Group;
- (i) such information as the Security Agent may reasonably require regarding the secured assets and compliance with any security document;
- (j) such other information as any Investors may reasonably request regarding the financial condition, assets and operations of the Group;

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 Subsidiaries as applicable, including (but not limited to) the following (subject to such qualifications as may be agreed):

- (a) status
- (b) binding obligations
- (c) non-conflict with other obligations
- (d) power and authority
- (e) validity and admissibility in evidence
- (f) governing law and enforcement
- (g) insolvency
- (h) no filing or stamp taxes
- (i) no deduction of tax
- (j) no default
- (k) no misleading information
- (l) original financial statements and base case model
- (m) no proceedings pending or threatened
- (n) no breach of laws
- (o) environmental laws
- (p) taxation
- (q) anti-corruption law

- (r) sanctions
- (s) security and financial indebtedness
- (t) ranking
- (u) good title to assets
- (v) legal and beneficial ownership
- (w) shares
- (x) intellectual property
- (y) group structure chart
- (z) accounting reference date
- (aa) pensions
- (bb) no adverse consequences

Events of Default : Events of Default shall be included as usual for transactions of this nature, including the following (subject to such qualifications and remedy periods as may be agreed) in respect of the Group:

- (a) non-payment
- (b) breach of financial covenant, information undertaking and certain other agreed undertakings
- (c) failure to comply with any other provision of the finance documents, unless such failure is capable of remedy and is remedied within a grace period to be agreed
- (d) misrepresentation
- (e) cross default (including debt of the subsidiaries of the Issuer)
- (f) insolvency
- (g) insolvency proceedings
- (h) creditors' process
- (i) unlawfulness and invalidity
- (j) cessation of business
- (k) audit qualification
- (l) expropriation
- (m) repudiation and rescission of agreements
- (n) litigation
- (o) termination of or any default under any material customer contract

Conditions Precedent to Funding : Conditions precedent will be usual for transactions of this nature, including (but not limited to) the following in relation to the Group:

- (a) Completion of KYC
- (b) constitutional documents
- (c) resolution of board of directors and shareholders

(d) certificate of director including specimen signatures, borrowing/guaranteeing/securing statement and certification of copy documents

(e) due diligence report comprising legal due diligence

Finance Documents

(f) the Facility Agreement

(g) the Guarantees

(h) the Security documents and all related perfection documents

Legal opinions

(i) appropriate legal opinions provided by Issuer's counsel

Other documents and evidence

(j) Perfection of security

(k) no Event of Default has occurred or would result from funding

(l) no material adverse change having occurred

(m) evidence of payment of all fees, costs and expenses then due from the Issuer under the Facility Agreement

(n) requisite lender consents

(o) group structure chart

(p) audited consolidated financial statements for the financial year ended 31 March 2020 and (provisional financial statements for) 30 June 2020

(q) the agreed base case business plan and model

(r) any other document, authorization, opinion or assurance specified by the Investors or the Security Trustee

(s) Additional items may be determined following due diligence and the receipt of legal advice

All documents and evidence set out above must be in form and substance satisfactory to the Investors.

Conditions Subsequent to Funding : Customary for transactions of this nature, including (but not limited to) the evidence of use of proceeds.

Governance : Investors shall have Board observer rights.

Transferability : Subject to applicable laws, the Investors shall be permitted to assign or transfer any of its rights and obligations under the Facility to any party.

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 Investors.

Taxes & Deductions : Any withholding taxes associated with interest payments shall be borne by the Investors.

- FX hedge unwind cost** Any forex hedge unwind on account of any prepayment after 18 months from the Funding Date / Event of Default shall be on a full pass through basis i.e. any costs incurred by the Investors shall be borne by the Issuer in full. Exact mechanism to be mutually agreed in a regulatory compliant manner.
- Indemnification** : The Issuer shall indemnify and hold harmless the Investors 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 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 Investors in connection with due diligence and the preparation, execution, finalisation and delivery of the Facility documentation (including fees and expenses of the legal counsel to the Investors) shall be borne and settled in full directly 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** : The Issuer shall not engage with any other person, entity or institution in relation to refinancing of Existing NCDs for a period of 14 days from the date of signing of this term sheet.
- The Issuer further undertakes that, subject to the Investors confirming their final approvals in relation to the Facility within 14 days from the date of signing of this term sheet, it shall not engage with any other person, entity or institution in relation to refinancing of Existing NCDs for a period of 60 days from the date of confirmation of final approvals by the Investors ("**Exclusivity Period**").
- From the date of signing this Term Sheet, 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) during the Exclusivity Period.
- 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: 26/10/2020

For and on behalf of

Investec Capital Services (India) Pvt Ltd



By: Piyush Gupta

Name:

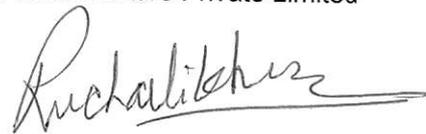
Title:

Date: 26th October 2020

Accepted and Agreed

For and on behalf of

Patil Rail Infrastructure Private Limited

By: 

Name: RUCHA VIKHARANKAR

Title: Chief Financial officer



Date: 26/10/2020

Annexure – Proposed funding structure

