

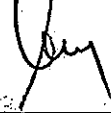
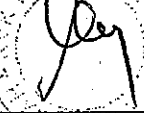



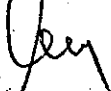




**SCHEDULE 3
TERMS OF OCDS**

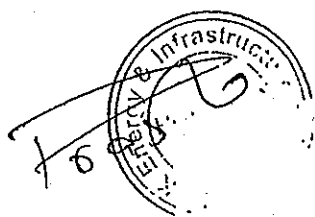
S. No.	Particulars	Terms
1.	Issue Size	<p>OCD Series I - Rs. 585,000,000/- (Rupees Five Hundred and Eighty Five Million only)</p> <p>OCD Series II - 250,000,000/- (Rupees Two Hundred and Fifty Million only)</p> <p>OCD Series III - 400,000,000/- (Rupees Four Hundred only)</p>
2.	Face value (in INR)	10,000,000/- (Rupees Ten Million) per OCD
3.	Final Maturity/ Redemption Date	The OCDs shall mature and would be due for redemption at par, at the end of 84 (eighty four) months from the Closing Date I, if not converted into Equity Shares.
4.	Coupon	Fixed coupon of 0.01% p.a.
5.	Interest period	The interest on the OCDs will accrue and will be payable on a quarterly basis.
6.	Early Redemption Call Option of the Company	The Company shall have the option to call upon the Investor to redeem the OCDs, in full or part at Early Redemption Price, at any time during the tenor of the OCD, by providing the Investor a prior written notice of 7 (seven) days in that regard (" Early Redemption Call Option ") in the manner provided in Clause 11.1 of the Agreement.
7.	Early Redemption on occurrence and/ or continuation of Event of Default	Upon occurrence and/ or continuation of Event of Default, or receipt of amounts in relation to divestment of IIIB, the Investor shall have the right to call upon the Company to redeem the OCDs at par, in full or part, by providing the Company a prior written notice of 7 (seven) days in that regard (" Early Redemption Put Option ") in the manner provided in Clause 11 above.
8.	Option for conversion to Equity Shares (OCD Series I)	The Investor shall have an option to convert OCDs anytime after the expiry of 7 (seven) years from Closing Date I by providing a 30 (thirty) days prior written notice to the Company in that regard or upon occurrence and/ or continuation of Event of Default (" OCD Conversion Option ") in the manner provided in Clause 11.3 of this

IL&FS Financial Services Limited (Investor) 	KVK Energy & Infrastructure Private Limited (Company) 	Maruti Finance Private Limited (Promoter 1) 	KVK Infra Private Limited (Promoter 2) 	Mr. K Vijaya Kumar (Promoter 3) 
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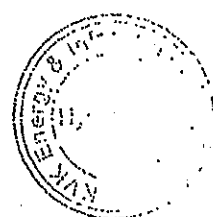
		<p>Agreement.</p> <p>Upon such conversion, the entire OCDs issued for the Aggregate Investment Amount of Rs 1,235,000,000/- (Rupees One Thousand Two Hundred and Thirty Five Million) will convert into 31% shareholding of the Company post conversion</p> <p>Provided that (a) if the OCDs are issued for an amount less than the Aggregate Investment Amount of Rs 1,235,000,000/- (Rupees One Thousand Two Hundred and Thirty Five Million); and/ or (b) in the event of partial conversion of the OCDs, the percentage shareholding provided above, will be calculated on pro-rata basis</p>
10.	Security	Unsecured debentures
11.	Tax on Interest	TDS at applicable rates - not grossed up
12.	Transfer	Freely transferrable
13.	Listed/Unlisted	Unlisted
14.	Rating	Unrated
15.	Event of Default	As specified in the OCD Subscription Agreement dated 19th day of January, 2017
16.	Guarantee	<p>The payment of all amounts in relation to the OCDs including the principal amounts, interest, default interest, amounts payable upon occurrence of Event of Default, any amounts incurred in relation to the enforcement of Personal Guarantee and/ or Corporate Guarantee(s) and all other monies payable in relation to the OCDs in terms of the Definitive Agreements shall be secured by the Personal Guarantee and the Corporate Guarantees to be provided by the Promoters and the Investor shall be entitled to invoke such Personal Guarantee and/ or any or all of the Corporate Guarantees upon occurrence of an Event of Default by providing a notice to the Promoter ("Guarantee Notice") in this regard. The Promoters shall forthwith and in any event within 7 (seven) days of the Guarantee Notice make the payment of the guaranteed amount to the Investor and the Company shall redeem the OCDs.</p>

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		<p>proper qualification and experience for the key posts and ensure that the organization set up is adequate enough for smooth operations</p> <p>(c) KEIPL shall furnish every year a copy of audited annual accounts of KEIPL immediately on finalization of the same but in any case not later than 180 days from the end of each relevant accounting period;</p> <p>(d) IFIN shall have the right to appoint one nominee on the board of Directors / Observer to the Board of KEIPL</p> <p>(e) KEIPL shall maintain adequate books of accounts which should correctly reflect its financial position and scale of operations and should not change its accounting system without prior notice to IFIN</p> <p>(f) KEIPL shall keep IFIN informed of the happening of any event likely to have substantial effect on its profit and business with explanations and the remedial steps proposed to be taken;</p> <p>(g) KEIPL shall ensure that none of the directors of KEIPL appear in RBI willful defaulters' list;</p>
16)	Negative Covenants	<p>(a) KEIPL shall not, without obtaining prior consent of IFIN, declare any dividend on its share capital, repay any indebtedness (except for what is already agreed as part of the proposed term loan facility of Rs 1,330 Mn being extended to KEIPL), redeem any class of preferences shares or till the OCDs are redeemed/converted</p> <p>(b) KEIPL shall not undertake any new project, expansion, make any investment, take assets on lease without prior written approval of IFIN;</p> <p>(c) Make any investments or any loans and advances, except as permitted under the Financing Documents;</p> <p>(d) Undertake Guarantee obligations on behalf of any other person or KEIPL.</p>
17)	Events of Default	<p>As may be customary to a transaction of this size and nature including, but not restricted to the following:</p> <p>(a) Failure to comply with Condition Precedents (except specific waiver given by Subscriber) and breach of any covenants or Representations & Warranties made by Promoters / KEIPL.</p> <p>(b) Cross Default : Default in relation to the proposed term loan of Rs 1,330 Mn being extended by IFIN to KEIPL and/ or in relation to the Share Purchase Transaction for an aggregate amount of Rs 650 Mn from KEIPL to IFIN.</p> <p>(c) Any other events which in the reasonable opinion of IFIN jeopardise its interest towards the investment done</p>



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		<p>(d) That all information provided to the Subscriber by the Company is correct and up to date and that nothing material has been withheld from the Subscriber which can adversely effect its investment decision</p> <p>(e) Other than as disclosed as on the date of term sheet, the Company has no outstanding mortgages, charges or other encumbrance except for the mortgage in favour of the lenders as security for term loans/ working capital loans provided by them and as may be required under the project documents</p> <p>(f) That the Company is not engaged in or threatened by any litigation where the outcome might materially affect its financial condition</p> <p>Other representations and warranties of the Company as may be specifically required by the Subscriber, in view of the findings of the Due Diligence</p>
25)	Indemnification	The Company will indemnify the Subscriber against all direct and actual losses, liabilities, claims, damages or expenses arising out of or in connection with the breach of representations and warranties, breach of obligations under the Definitive Agreements and wilful misconduct and gross negligence. The Subscriber shall use reasonable efforts to mitigate any losses, liabilities, claims, damages or out-of-pocket expenses for which the Company is liable to indemnify
26)	Governing Law	This Term Sheet & subsequent agreements entered into shall be governed by the laws of India
27)	OCD Allotment	The OCDs in demat form shall be allotted to IFIN by KEIPI. within 3 days from the Issuance Date of respective Tranches of the OCDs

Note : Kindly note that this is in the nature of an in-principle commitment subject to the approval of the Credit Committee/Board of Directors of IL&FS Financial Services Limited (IFIN) and may not be construed as a financial obligation on behalf of IFIN

