पंजाब नैशनल बैंक punjab national bank
PUNJAB NATIONAL BANK, MCC HOOGHLY
SERAMPORE, HOOGHLY,712201, west Bengal
E-MAIL ID: mcc9567@pnb.co.in

Date: 22.01.2025

To
The Partner
M/s Balaji Projects
Padmapukur, Bhimpur Road,
Tarakeswar - 712410

Reg: Sanction - M/s Balaji Projects

Based on your application our authority has approved the facilities as under:

a) Sanction for	Fresh Term Loan of Rs.300 Lakh for the project.
b) Approval for	i) Concession on ROI @0.25% on Term Loan ii) Concession on upfront fees @25% of applicable charges.

Please go through the sanction carefully and in case of any discrepancy, the same be brought to our notice immediately.

Please ensure meticulous compliance of terms & conditions of sanction.

This letter is being sent in duplicate. Please send your acceptance on the duplicate copy of the letter/annexure duly signed by the authorized director of the company, in token of having agreed and accepted the terms and conditions of the sanction.

Detail Terms & Conditions given in Appendix - I

Thanking You,

Yours sincerely

Chief Manager

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APPENDIX I

Detailed Terms and Conditions of Sanction
Name of the Unit/Borrower: M/s Balaji Projects
Branch :- Jaykrishnabazar

1. Term Loan

Nature	Term Loan (Fresh)
Limit	Rs. 300 Lakh (Rupees Three Crore only)
Primary Security	ALL THAT piece and parcel of total land admeasuring about **25.85 decimal** be the same a little more or less together with a proposed G+4 storied residential building named **"SHUBHAM RESIDENCE"** to be erected thereon of which **0.35 decimal** comprised in R.S. Dag no. 601, L.R. Dag no. 700, L.R. Khatian no 1818 and **11 decimal** comprised in R.S. Dag no. 560, L.R. Dag no. 654, R.S. Khatian no. 74, L.R. Khatian no 1816 and **14.50 decimal** comprised in R.S. Dag no. 560, L.R. Dag no. 654, R.S. Khatian no. 74, L.R. Khatian no 1817 lying and situated at Mouza- Gure, J.L. no. 20, comprised in P.S. Tarakeswar, Sub Registrar-Tarakeswar, District-Hooghly, within the local limits of Santoshpur Gram Panchayet, belonging to "**Balaji Projects**"
Margin	26.46%
Interest	MCLR + 3.75% - 0.25%i.e., 12.50% p.a. The ROI is subject to change with change in Internal Risk Rating of the company.
Implementation period	18 months
Moratorium	23 Months (including implementation period)
Repayment period	6 quarterly installment after moratorium
Door-to-door tenure	39 months
Disbursement	a) The Term Loan shall be disbursed directly to the suppliers based on the quotations submitted by the company through any of the permissible banking channels. Original bills / cash memos in the name of the company for the machineries/civil contractor or other supplier financed by bank shall be kept in bank's record. b) Before disbursement it has to be ensured that the margin money has been duly brought in by the company. Payment will be done on requirement basis directly to the suppliers on producing quotations/invoices.
Repayment	Interest to be served as and when debited. • Dec' 2026 – Rs. 45.00 Lakhs • Mar' 2027 – Rs. 45.00 Lakhs • June'2027 – Rs. 50.00 Lakh • Sept'2027 – Rs. 50.00 Lakh • Dec'2027 – Rs. 55.00 Lakh • Mar'2028 – Rs. 55.00 Lakh

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	Interest to be served separately as and when debited.
Special Condition	1. Bank finance to be utilised for productive construction activities and not for activities connected with speculation in Real Estate. 2. Borrower to undertake that project undertaken is devoid of litigations and valid and enforceable securities can be created. 3. Disbursement to be made in instalments depending upon the borrower's actual requirements in connection with acquisition of fixed assets or otherwise for which the loan has been sanctioned. The payments shall preferably be made directly to machinery suppliers, contractors, etc. 4. Disbursement be made only after verifying the fact whether the construction of building has proceeded as per the schedule (stage-wise progress) by carrying out periodic visits/inspection of the site and based on Engineer's certificate. 5. The borrower to submit the complete architectural and structural designs of the said construction demonstrating that the proposed structure/alteration is capable of withstanding all the natural hazards posing risk and vulnerability to the region where the construction of the building is proposed. 6. Certificate from Architect/Engineer to be submitted that the guidelines issued by National Disaster Management Authority (NDMA) have been followed in the structural and architectural designs of the proposed structure/building to be constructed. 7. Company to disclose in the Pamphlets/ Brochures etc., the name(s) of the bank(s) to which the property is mortgaged. 8. company to append the information relating to mortgage while publishing advertisement of a particular scheme in newspapers/magazines etc. 9. company to indicate in their pamphlets/ brochures, that they would provide No Objection Certificate (NOC)/ permission of the mortgagee bank for sale of flats/property, if required. 10. All the applicable guidelines of Real Estate (Regulation & Development) Act, 2016 are to be meticulously complied with

Penal Interest

The bank shall charge penal interest under the following circumstances:

a) Default in repayment of loans,
b) Irregularities in Cash Credit/ Overdraft accounts,
c) Non-payment of demand bills on presentation and non-acceptance/ non-payment of usance bills on due dates,
d) Overdue bills either not debited in case of ODD or where Drawing Power is not reduced in case of Advance against Bills for collection bills (ABC bills),
e) Non-submission of stock statements,
f) Non-submission of documents for review/renewal,

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g) Excess borrowing arising out of excess current assets.
h) Non-submission of information under the Quarterly Monitoring System as per terms and conditions of sanction,
i) Non-creation/ perfection of security as per terms and conditions of sanction,
j) Non-compliance of terms and conditions of sanction (other than specified above), and
k) Non-submission of external rating by eligible borrowers.

Penal Charges for the period of default is to be levied as under-

I. On the amount of default/irregularity
(i) For any one of trigger events stated at point no. (a) to (e) above: 2.00% p.a.
(ii) For two or more trigger events stated at point no. (a) to (e) above: 3.00% p.a.

II. On the total outstanding
(i) For one or more trigger events stated at point no. (f) to (l) above: 2.00% p.a.

Note for I and II: If the trigger events are a combination of point (a) to (e) and point (f) to (l) then penal charges shall be capped at 4% p.a., i.e., 2% on the default/irregularity and 2% on the outstanding amount.

III. For trigger event stated at point (m): 1.00% p.a. on the Limit sanctioned (FB+NFB) or actual outstanding (for term loans/EMI based facility) as the case may be.

4. Security:

Primary:

ALL THAT piece and parcel of total land admeasuring about **25.85 decimal** be the same a little more or less together with a proposed G+4 storied residential building named **"SHUBHAM RESIDENCE"** to be erected thereon of which **0.35 decimal** comprised in R.S. Dag no. 601, L.R. Dag no. 700, L.R. Khatian no 1818 and **11 decimal** comprised in R.S. Dag no. 560, L.R. Dag no. 654, R.S. Khatian no. 74, L.R. Khatian no 1816 and **14.50 decimal** comprised in R.S. Dag no. 560, L.R. Dag no. 654, R.S. Khatian no. 74, L.R. Khatian no 1817 lying and situated at Mouza- Gure, J.L. no. 20, comprised in P.S. Tarakeswar, Sub Registrar-Tarakeswar, District-Hooghly, within the local limits of Santoshpur Gram Panchayet, belonging to "**Balaji Projects**"

Collateral:
ALL THAT piece and parcel of land measuring 66 (sixty six) decimals more or less together with boundary wall comprised in Mouza – Amgram, J.L. No. 138, comprised in R.S. Dag No. 43, corresponding to L.R. Dag No. 232, R.S. Khatian No. 32, Corresponding to L.R. Khatian No 1462, in the District - Hooghly, Police Station and A.D.S.R.O. - Arambagh under Harinkhola II Gram Panchyet, Pin - 712415, belonging to **BALAJI PROJECTS**..

a. Personal guarantee of all partners/guarantors.
   Mr. Laxmi Pat Kothari and Mrs. Santosh Kothari

Service Charges & other concessions already extended/proposed

Income Head	Existing Rate	Card Rate	Proposed Rate
Upfront fee		1.25% +GST	0.9375% +GST

Documentation		Rs.10000/-	Rs. 10000/- + GST
Inspection Charges*	As per Bank Card Rate	Rs.10,000/- + GST	Rs.10,000/- +GST
Mortgage Charges		Rs.10,000/- + GST	Rs.10,000/- + GST
CIBIL	NA	Consumer- 100/- per CIC Commercial- 500/- per CIC. *+applicable GST*	Consumer- 100/- per CIC (2 Consumer) Commercial- 500/- per CIC (2 Commercial). *+applicable GST*
CERSAI		Rs. 100/- per modification and Rs. 10/- per search	Rs. 100/- per modification and Rs. 10/- per search
All Other charges	CARD Rate	CARD Rate	CARD Rate

Additional Stipulation:

Pre Disbursement Condition:

1. Unconditional acceptance of terms and conditions of sanction and will execute necessary security documents.
2. Borrower shall pay processing fee, documentation charges, inspection charges, mortgage charges and other charges as per Bank's Scheduled Charges.
3. Valid enforceable documentation to be done, EM of security to be created, Registration with CERSAI to be created.
4. Prior to release/disbursement of the facility, clearance of Pre Disbursement Clearance shall be obtained as per the bank's extant guidelines.
5. Minimum 30% of promoters' contribution (excluding cost of land acquisition and development) to be brought up front and balance to be brought pro-rata with the disbursement of the loan
6. Escrow A/c with three month interest to be kept as lien during moratorium period.
7. A stamped undertaking to be submitted in favour of the bank to the following effect that during the currency of bank's credit facilities, the company/firm shall not without our permission in writing:

- Effect any adverse changes in company's/firm's capital structure.
- Formulate any scheme of amalgamation or merger or reconstruction.
- Implement any scheme of expansion on diversification or capital expenditure except normal replacements indicated in funds flow statement submitted to and approved by the bank.
- Enter into any borrowing or non- borrowing arrangements either secured or unsecured with any other bank, Financial Institution, company, firm or otherwise or accept deposits in excess of the limits laid down by Reserve Bank of India.
- Invest by way of share capital or lent or advance funds to or place deposits with any other company/firm, concern including group companies/associates/persons. Normal trade credit or security deposit in the normal course of business or advance to employees can, however, be extended.

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- Undertake guarantee obligations on behalf of any other company/firm/person.
- Declare dividend for any year except out of profits relating to that year after meeting all the financial commitments to the bank and making all due and necessary provisions.
- Make any drastic change(s) in the management set up.
- Approach capital market for mobilizing additional resources either in the form of debts or equity.
- Sell or dispose off or create security or encumbrances on the assets charged to the bank in favour of any other bank, Financial Institutions, company, firm, individual.
- Repay moneys brought in by the promoters, partners, directors, shareholders, their relatives and friends in the business of the company/firm by way of deposits/unsecured loans/share application money etc.
- Avail credit facilities/loan from outside the bank/consortium arrangement without their knowledge and permission.
- Will not repay the unsecured loan obtained during the currency of the loan.
- Undertaking to be obtained from the borrower that the Term Loan to be adjusted on realization of the cash flow from sale of the project.

- Cost over-run needs to be borne by the borrower.

8. The release of credit facilities is also subject to:

- Vetting of security documents by the bank's approved advocate and bank's internal procedure of Credit Audit/PDC. The charges for vetting of documents by the bank's advocate are payable by firm/company.

9. Satisfactory SDM report to be submitted before disbursement.

Post Disbursement Conditions:

1. In case of account is being taken over by the other Bank/FI, in addition to levying prepayment charges as per extant Bank's guidelines, all the concession/relaxation/waiver in the service charge, ROI etc. granted since last sanction/ renewal of the facility or sanction accepted by the borrower with such clause, whichever is earlier, shall be withdrawn and such amount shall be recovered from the borrower. A clause to this effect shall invariably be incorporated in the sanction letter & acceptance of borrower in this regard be obtained & kept on record.
2. Implementation & infusion of funds to be ensured and verified.
3. CA Certificate of end use of funds should be obtained (for Term loan) once at 50% completion of project and again after 100% completion.
4. Periodical Chartered Engineer's certificate to be obtained once at 50% completion of project and again after 100% completion.
5. All the licenses to be renewed in time.
6. Further, terms of sanction should include the following:

   - Borrower to undertake that first preference for Housing Loan for its buyers is offered to our Bank.
   - All sale proceeds to be routed through escrow A/c & in the event of surplus cash generation in the project Bank shall have the right to demand accelerated debt repayment.
   - Unsecured loans to be maintained during currency of the Bank's Term Loan and should be subordinate to the Bank Loan

PART A. OVERALL TERMS AND CONDITIONS - APPLICABLE FOR ALL FACILITIES

To be complied with by the Borrower:

PUNJAB NATIONAL BANK Code 956700 M C C HOOGHLY

for

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1. ~~The validity of the sanction for Working Capital Limits shall be 12 months and the borrower shall arrange submission of complete papers for renewal of limits at least two months before the expiry of due date of renewal.~~

2. The Borrower shall execute all necessary legally enforceable loan documents as per bank's guidelines. Documents will be drafted / vetted by Banks' counsels in respect of sanctioned limits of ₹2 crore & above (both FB and NFB), at Borrower's cost.

3. ~~The Company shall under its common seal, if any, authorize any person as its attorney to execute documents on its behalf. In case, the company does not have Common Seal, then the authorization shall be made by either 2 (two) directors, or a director and the Company Secretary.~~

4. ~~In case of Corporate Borrower, necessary resolution is required to be passed by the Board / Shareholders, as per Company's Act and as per Memorandum & Article of Association of the company.~~

5. ~~All fund based and non-fund based working capital facilities to be secured by way of 1st charge on all current assets, present & future, (and in case of consortium or multiple banking, charge to be created on pari passu basis with other financing banks).~~

6. ~~Search report from Registrar of Companies (RoC) shall be obtained every year and /or on each registration/modification of charge and cost in this respect to be borne by the company.~~

7. Search Report / NEC

a. In case of renewal/review of existing limits where time period of 3 years has not lapsed, mortgagor(s) shall indispensably provide an affidavit cum undertaking to the effect that the mortgaged IP is still under their ownership and they have not created any subsequent charge on the mortgaged IP and neither given on rent/lease.

b. Search Report/NEC shall be obtained if time period of 3 years has lapsed since the last search report/NEC at borrower's cost.

c. In case of enhancement / extension of existing charge on IP, Fresh Search Report / NEC shall be obtained / updated since creation of last mortgage with Bank at borrower's cost.

8. Borrower shall pay processing fee, upfront fee, Lead Bank Charges (if applicable) documentation charges, inspection charges, NeSL charges. CERSAI charges, commitment charges and other charges as per Bank's Scheduled Charges.

9. Borrower shall pay Pre-Payment Charges @2% of the pre-paid outstanding amount in case of Term Loans Only & not to other facilities such as Non-Fund Based, Working Capital Limits, Overdrafts etc. in case of Takeover i.e. Loan is prepaid by the Non-Individual Borrower for Shifting to Other Bank / FI.

However, no prepayment charges are to be levied in the following cases:

a. Micro & Small Enterprise (MSE) Borrower

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b. Floating rate term loan (Non-Business) sanctioned to Individual Borrower.

c. Microfinance Loans (Except Loans to NBFC-MFIs)

d. Loans sanctioned at fixed rate with reset clause, if the borrower exercises his option for floating rate interest at the time of reset.

e. Where the loans are prepaid by the borrowers from their own sources.

f. Where the borrower shift to other bank within 30 days from the date of issuance of circular for upward revision in the spread to be charged in his account or change in other terms of sanction.

g. In case of upward revision in the interest rate due to reset of benchmark rates and the borrower informs the Bank within 30 days from the date of reset & shifts its account to other Bank within 90 days from the date of reset.

h. Where the closure of loan is on the instance of the Bank on account of size of irregularity, possibility of default in future or any other technical or other specific reasons.

10. Borrower shall provide "No Lien Letter" from the fabricators in respect of goods sent to them for fabrication/processing.

11. Borrower shall provide an undertaking that the unsecured long-term loans raised from friends/ relatives shall not be repaid or shall not go below the level accepted at the time of sanction during the currency of the bank loan, except with prior permission of the bank.

12. The Bank shall have the right to withdraw or modify all / any of the sanctioned conditions or stipulate fresh conditions, under intimation to the borrower and their acceptance.

13. Bank's charge over primary / collateral securities wherever applicable to be got registered / modified with ROC within the stipulated period of 30 days, as per requirements of Companies Act, and certificate of registration of charge to be obtained and kept on record.

14. During the currency of Bank's credit facilities, the Borrower shall not, without the prior approval of the Bank in writing:

a. Divert / utilize Bank's funds to other sister / associate / group concerns or for purposes other than those for which the credit facilities have been sanctioned.

b. Issue Bonus shares and dispose of shareholding of promoters wherever specifically stipulated.

15. Margins / Rates of Interest/Charges are subject to revision from time to time at the sole discretion of the Bank. The bank shall inform any change in Service Charges/Interest rates through the official website (www.pnbindia.in), display in its offices and general announcements from time to time and shall not communicate separately to the borrower.

16.i. <u>Reset of Interest Rate under External Benchmarks</u>

The rate of interest under external benchmark (RBI Repo Rate/ 3 Month or 6 month T-Bill rate published by FBIL/any other market interest rate published by FBIL) shall be reviewed

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ii. Reset of Interest Rate in loans Linked to RLLR

a. For all loans linked with Repo Linked Lending Rate in case of change in Repo Rate by RBI, the RLLR will be changed from the next working day unless otherwise specified.

b. The Spread component (excluding Credit Risk Premium- CRP) linked with RLLR for all floating rate personal or Retail loans (housing, auto etc.) and floating rate loans to Micro Small and Medium Enterprise shall be reset every 3 years from the date of opening of the account.

c. Credit risk premium may undergo change only when borrower's credit assessment undergoes a substantial change, as agreed upon in the loan contract.

d. Switchover from RLLR to MCLR will not be permitted in schemes/category which have been linked with RLLR mandatorily by RBI.

iii. Reset of Interest Rate in loans Linked to MCLR

a. The MCLR rates shall be reviewed on monthly basis which will be applicable to all new loans and credit facilities sanctioned/renewed from the 1st of the following month.

b. MCLR prevailing on the date of first disbursement, whether partial or full, shall be applicable till the next reset date irrespective of the changes in the benchmark during the interim on the floating rate loan and future reset dates shall be determined accordingly.

c. All MCLR based floating rate loans shall be linked with maximum 1 year MCLR and the reset period shall also correspond to the tenor/maturity of the MCLR to which the loan is linked. (i.e. advances linked with 1 year MCLR shall have 1 year reset & advances linked with 3 month MCLR shall be linked with 3 month reset)

d. Reset of spread based on the change of the risk profile of the borrower (upward or downward revision in risk rating) shall be done as and when there is revision in risk rating of the borrower, unless specifically mentioned in the sanction for continuation of concessional spread by competent authority.

e. The bank may review the reset clause as and when required.

17. The disbursal of credit facility is solely at the discretion of the Bank.

18. The bank may:

a. disallow facility, keeping in view bank's exigencies including any adverse information about the borrower that might have a direct bearing on the advances lent by Bank.

b. disallow drawing beyond the sanctioned limits.

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c. dishonour/ return cheques issued for the purpose other than specifically stated in the credit sanction or in this agreement.

d. disallow drawing in the account on its classification as a non-performing asset or on account of non-compliance with the terms of sanction or this agreement

19. The bank does not have an obligation to meet further requirements of the borrowers on account of growth in business, etc. without proper review of credit limits.

20. Bank will have an unqualified right to pass on to the Credit Reference Agencies the details of his loan account in such manner and through such medium as the bank in their absolute discretion may think fit.

21. The borrower/guarantor shall inform the bank about any change in their office/residential address to bank at the earliest possible. This information of changed office/residential address with telephone no. (landline/mobile) be provided to the bank within 30 days along with residential proof as required under KYC norms.

22. Sanctions in respect of Working Capital and Term Loan facilities shall be valid for 6 months from the date of sanction. Facilities not availed within the above period shall be treated as lapsed. Where documents have been executed within a period of 6 months from the date of sanction, the sanctions shall be valid for next 6 months from the date of documentation.

23. Borrower eligible for ERR shall invariably give consent to External Credit Assessment Institutions (ECAIs) for disclosing the lenders' details i.e. name of the banks and the corresponding credit facilities rated by the ECAIs in the Press Releases.

24. Borrower shall collect the original movable / immovable property documents within 15 days of full repayment / settlement of the loan account from the branch where the loan account was serviced or branch/office of the bank where the documents are available.

<u>To be ensured by the Branches:</u>

1. It shall be ensured before release of limits that the Borrower executes documents and charge creation on primary and collateral security which is valid and legally enforceable. In case of Company it is necessary that the company has necessary borrowing powers and Board / Shareholders have passed necessary resolutions required as per the provisions of Company Act and Memorandum & Article of Association of the company

2. In case the Company commits default in the repayment of loan /advance or in the payment of interest thereon or any of the agreed instalments of the loan on due date, the bank, CICs and / or Reserve Bank of India will have an unqualified right to disclose or publish the names of the company and its directors as defaulters in such manner and through such medium as the bank/RBI in their absolute discretion may think fit. Documents to be obtained from the company / directors to this effect and kept on record in terms of guidelines issued by SASTRA Division on wilful defaulters.

3. Branch to ensure compliance of Pre-Disbursement Terms & Conditions of Sanction and to timely point out deficiencies (if any) in compliance of Pre-Disbursement Terms & Conditions of Sanction for taking corrective actions before disbursement.

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4. TERM LOAN

To be complied with by the Borrower:

1.**Security**: Term loans shall be secured by mortgage of block assets comprising land, building, plant and machinery, both present and future, unless otherwise stipulated in the sanction. Whenever the sanction so provides, pari passu charge with other financial institutions or second/subsequent charge may be accepted.

2.**Insurance**: The borrower shall get the above assets insured against all risks at their own cost with usual bank clause. A copy of the insurance policy will be kept on bank's records also.

3.**Disbursement**:

a. The payments shall preferably be made directly to machinery suppliers, contractors, etc. **Self-Certified copies of** bills / cash memos in the name of the Borrower for all the fixed assets / machinery financed by bank shall be submitted by the borrower and placed on bank's record. TL will be released in stages as per physical progress of the project.

b. In case of limited liability companies, charge under Section 77 of the Companies Act 2013 shall be registered with the Registrar of Companies within 30 days from the date of creation of charge by filing the prescribed 'forms' within the period as may be prescribed from time to time.

c. Borrowers' / Lenders' Engineers should submit Quarterly Implementation schedule which should match with the appraisal note and Quarterly Progress Report be submitted to keep apprise the Bank with the progress of the project and to satisfy the bank's officials about end use of funds and timely implementation of the project within the approval.

d. The progress in implementation of the project will be monitored/ reviewed by the Bank on quarterly basis and necessary corrective steps will be got initiated, if required, from time to time specially in case of time and cost run-overs. The borrower shall facilitate the bank for compliance of the above.

e. Reimbursement against the expenditure already incurred to be allowed subject to specific sanction of the competent authority, verification of end use and submission of all original bills by the borrower.

4.**Repayment default:** Penal charges @ 2% of the amount in default for the period of default shall be levied.

5.Bank's name plate, evidencing hypothecation of security / asset to be prominently, displayed where the securities charged to the bank are kept.

6.**Escalations:** The borrower shall meet such costs, if any, from its own sources and shall not ask for any additional term loan from the bank.

7.Bank Term Loan shall be released only after the funds for the project are fully tied up.

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8. The promoters shall bring in their entire contribution before release of our Term Loan or in the manner otherwise provided in the sanction.

9. The unsecured loans shall be subordinated to our Term Loan.

10. Before disbursement of Term Loan, it shall be ensured that all necessary statutory and other approvals/permissions including from Pollution Control Board, have been obtained by the company.

11. Borrower to undertake to meet any cost over run in the project (irrespective of reasons) from its own long term sources.

To be ensured by the Branches:

1. Before actually disbursing the loan, the Branch must satisfy that the borrowing concern has contributed sufficient capital to provide the required margin for the loan. Further, it shall also be ensured that margin stipulated is maintained / provided at each stage of disbursement.

2. To ensure end-use of funds and to keep apprise the Bank with the progress of the project, a Quarterly Progress Report to be obtained from the borrowers' / Lenders' Engineers (as per extant guidelines).

3. The report relating to insurance of securities PNBRPT 3 / 2 can be generated and monitored on day-to-day basis. It shall be ensured that the policies are renewed at an appropriate time.

LIST OF COVENANTS (15)

C1. The borrower shall maintain adequate books of accounts as per applicable accounting practices and standards, which should correctly, reflects its financial position and scale of operations and should not radically change its accounting system without notice to the Bank.

C2. The borrower shall submit to the bank such financial statements as may be required by the Bank from time to time in addition to the set of such statements to be furnished by the borrower to the bank as on the date of publication of the borrower accounts.

C3. In case of default in repayment of the loan/advances or in the payment of the interest thereon or any agreed instalments of the loan on the due date(s) by the borrower, the Bank and / or the RBI will have an unqualified right to disclose or publish the borrower's name or the name of the borrower/unit and its directors / partners / proprietors as defaulters / wilful defaulters in such manner and through such medium as the Bank or RBI in their absolute discretion may think fit. (Regulatory)

Exemption: Name of directors of *Government Undertakings are exempted from being reported as wilful Defaulters. Instead a legend 'Government of-------undertaking' shall be added.*

C4. The bank will have the right to share credit information as deemed appropriate with Credit Information Companies (CICs) or any other institution as approved by RBI from time to time. *(Regulatory)*

पंजाब नैशनल बैंक PUNJAB NATIONAL BANK Code 956700 एम सि सि हुगली M C C HOOGHLY

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C5. The borrower shall not induct into its Board as person whose name appears in the wilful defaulters list of RBI/CICs. In case such a person is already on the Board of the company, it would take expeditious and effective steps of removal of that person from its Board. Nominee directors are excluded for this purpose. *(Regulatory)*

C6. In the event of default in repayment to our Bank or if cross default has occurred, the Bank will have the right to appoint its nominee on the Board of Directors of the borrower to look after its interests.

Cross default will be defined as:

a. Default by the borrower to any other bank under Consortium / MBA

OR

b. Default by the borrower's associate / sister concern / subsidiary to our Bank

Further, cross default would be deemed to have occurred only in case default to particular lender(s) is not cured within 30 days.

Exemption: The above covenant is not applicable for Central and State PSUs availing credit facilities from our Bank.
C7. In case of default not corrected within 60 days or restructuring of debt, the regulatory guidelines provide for conversion of debt to equity. The bank shall have the right to convert loan to equity or other capital in accordance the regulatory guidelines.

Exemption: The above covenant shall not be applicable in either of the following cases:

(i) Borrowal accounts of PSUs/Government entities created under specific Central/State Government Statute/legislation.

(ii) Borrowal accounts Guaranteed by Central /State Government.

C8. Bank will have the right to examine at all times the borrower's books of accounts and to have the borrower's factories inspected, from time to time, by officer(s) of the Bank and/or qualified auditors and/or technical experts and/or management consultants / appoint ASM of the Bank's choice and conduct Stock and Receivable Audits at the prescribed periodicity as per Banks laid down guidelines. Cost of such inspections / Audits shall be borne by the borrower.

C9. After provision of tax and other statutory liabilities, unless expressly permitted otherwise, the bank will have a first right on the profits of the borrower for repayment of amounts due to the bank.

In case of Multiple Banking Arrangement/ Consortium, right on the profits of the borrower for repayment shall be on priority of charge/proportionate basis, as the case may be.

C10. The borrower shall keep the Bank informed of the happening of any event likely to have a substantial effect on their profit or business: for instance, if the monthly production of sales are substantially less than what had been indicated, the borrower shall

पंजाब नैशनल बैंक PUNJAB NATIONAL BANK Code 956700 एम सि सि हुगली M C C HOOGHLY

immediately inform the bank with explanations and the remedial steps taken and / or proposed to be taken.

C11. Effect any change in the borrower's capital structure where the shareholding of the existing promoter(s) gets diluted below current level or 51% of the controlling stake (whichever is lower), without prior permission of the Bank – for which 60 days' prior notice shall be required. In case of limited liability partnerships and partnership firm 'promoters' would mean managing partner for the purpose of this covenant.

Exemption: The above covenant is not applicable for Central and State PSUs availing credit facilities from our Bank.

C12. The borrower will utilise the funds for the purpose they have been lent. Any deviation will be dealt with as per RBI guidelines.

C13. Promoter's shares in the borrowing entity should not be pledged to any Bank / NBFC / Institution without our prior consent.

Exemption: The above covenant is not applicable for Central and State PSUs availing credit facilities from our Bank.

C14. Only for Term Loans (> Rs 50 crores) – Covenants (in relation to the undernoted parameters) (i.e. DSCR, Int. Coverage, ACR, Debt Equity ratio) are to be stipulated for all term loans and these are required to be tested annually on the basis of Audited Balance Sheet (ABS). Penal Charges will be levied in case of breach of any two of the four parameters vis-à-vis values as approved by the sanctioning authority in the sanction note. The penal charges will apply from the day after the date of ABS, and shall continue till the breach is cured. The details are as under:

Parameter	**Benchmark for annual testing**	**Penalty for adverse deviation in ratios**
DSCR	As per Bank's extant guidelines on benchmark ratios or as decided by sanctioning authority	• **Upto 10 %** - NIL • **More than 10 %** - 0.50 % p.a.
Interest Coverage		
Asset Coverage ratio		
Debt Equity ratio		

Further, it may be specifically indicated that the breach of financial covenant may be considered by lenders as an Event of Default.

C15. Each of the following events will attract penal charges as applicable, at rates circulated from time to time, except specifically permitted by the competent authority:

a. Default in repayment of loans;
b. Irregularities in cash credit / Overdraft accounts;

c. Non-payment of demand bills on presentation and non-acceptance/non-payment of usance bills on due dates;
d. Overdue bills either not debited in case of ODD or where Drawing Power is not reduced in case of Advance against Bills for Collection bills (ABC bills);
e. Non-submission of stock statements;
f. Non-Submission of documents for review/renewal;
g. Excess borrowings arising out of excess current assets;
h. Non-submission of information under the Quarterly Monitoring System (QMS) as per the terms & condition of sanction;
i. Non creation/perfection of Security as per Terms and conditions of sanction;
j. Non Compliance of Terms & Conditions of sanction (other than specified above); and
k. Non submission of external rating by eligible borrowers.

LIST OF NEGATIVE COVENANTS (19)

NC1. In the event of default, or where signs of inherent weakness are apparent. The Bank shall have the right to securitise the assets charged and in the event of such securitization, the Bank will suitably inform the borrower(s) and guarantor(s)

Exemption: The above covenant is not applicable for Central and State PSUs availing credit facilities from our Bank.

NC2. Formulate any scheme of amalgamation or reconstruction.

Exemption: The above covenant is not applicable for Central and State PSUs availing credit facilities from our Bank.

NC3. Undertake any new project, implement any scheme of expansion/ diversification or capital expenditure or acquire fixed assets (except normal replacements indicated in funds flow statement submitted to and approved by the bank) if such investment results into breach of financial covenants or diversion of working capital funds to financing of long-term assets.

Exemption: The above covenant is not applicable for Central and State PSUs availing credit facilities from our Bank.

NC4. Invest by way of share capital in or lend or advance funds to or place deposits with any other concern (including group companies) / normal trade credit or security deposits in the ordinary course of business or advances to employee can, however, be extended. Such investment should not result in breach of financial covenants relating to TOL/ Adj. TNW and current ratio agreed upon at the time of sanction.

Exemption: The above covenant is not applicable for Central and State PSUs availing credit facilities from our Bank.

NC5. Enter into borrowing arrangement either secured or unsecured with any other bank, financial institution, company or otherwise or accept deposits which increases indebtedness beyond permitted limits, stipulated if any at the time of sanction.

पंजाब नैशनल बैंक PUNJAB NATIONAL BANK Code 956700 म सि सि हुगली M C C HOOGHLY

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NC6. Undertake any guarantee or letter of comfort in the nature of guarantee on behalf of any other company (including group companies).

Exemption: The above covenant is not applicable for Central and State PSUs availing credit facilities from our Bank.

NC7. Declare dividends for any year except out of profits relating to that year after making all due and necessary provisions and provided further that such distribution may be permitted only if no event of default/breach in financial covenant is subsisting in any repayment obligations to the Bank.

Exemption: The above covenant is not applicable for Central and State PSUs availing credit facilities from our Bank.

NC8. Create any charge, lien or encumbrance over the assets charged to the bank in favour of any financial institution, bank, company, firm or persons.

Exemption: The above covenant is not applicable for Central and State PSUs availing credit facilities from our Bank.

NC9. Sell, assign, mortgage or otherwise dispose of any of the fixed assets charged to the Bank. However, fixed assets to the extent of 5% Gross Block may be sold in any financial year provided such sale does not dilute FACR below minimum stipulated level. (Not applicable for unsecured loans.)

NC10. Enter into any contractual obligation of a long-term nature or which, in the reasonable assessment of the Bank, is detrimental to lender's interest, viz. acquisitions beyond the capability of borrower as determined by the present scale of operations or tangible net worth of the borrower/ net means of promoters etc., leveraged buyout etc.

Exemption: The above covenant is not applicable for Central and State PSUs availing credit facilities from our Bank.

NC11. Change the practice with regard to remuneration of Directors by means of ordinary, remuneration or commission, scale of sitting fees etc, expect where mandated by any legal or regulatory provisions.

Exemption: The above covenant is not applicable for Central and State PSUs availing credit facilities from our Bank.

NC12. Undertake any trading activity other than sale of products arising out of its own manufacturing operations.

Exemption: The above covenant is not applicable in case finance is for trading activity only or where Credit facility has been provided to NBFC.

NC13. Permit any transfer of the controlling interest or make any drastic change in the management set-up including resignation of promoter directors.

Exemption: The above covenant is not applicable for Central and State PSUs availing credit facilities from our Bank.

NC14. Repay monies brought in by the Promoters / Directors / Principal Shareholder and their friends and relatives by way of deposits / loans / advances. Further, the rate of

PUNJAB NATIONAL BANK
Code 956700
M C C HOOGHLY

interest, if any, payable on such deposits / loans / advance should be lower than the rate of interest charged by the Bank on its term loan and payment of such interest will be subject to regular repayment of instalments to term loans granted / deferred payment guarantees executed by the bank or other repayment obligations, if any, due from the borrower to the Bank.

Exemption: The above covenant is not applicable for Central and State PSUs availing credit facilities from our Bank.

NC15. The borrower shall keep the Bank advised of any circumstance adversely affecting the financial position of subsidiaries / group companies or companies in which it has invested, including any action taken by any creditor against the said companies legally or otherwise.

NC16(a) - The borrower shall open/ maintain current account/s in accordance with the RBI guidelines issued from time to time. *(Regulatory)*

NC16(b) – The Borrower shall deal with us exclusively under sole banking arrangement. In case of facilities under Consortium/ multiple banking arrangement, the borrower shall offer the bank (on a right of first refusal basis) at least pro-rata business relating to their activities including deposits, remittances, non-fund based transactions including LC's/ BG's, bills/ cheque purchase, Forex transactions and any interest rate or currency hedging business, Merchant Banking, IPO/ FPO, Capital market transactions, Cash Management Product, Vehicle Loan etc.

NC17. No commission to be paid by the borrowers to the guarantors for guaranteeing the credit facilities sanctioned by the Bank to the borrowers.

Exemption: The above covenant is not applicable for Central and State PSUs availing credit facilities from our Bank.

NC18. Approach capital market for mobilizing additional resources either in the form of debt or equity.

Exemption: The above covenant is not applicable for Central and State PSUs availing credit facilities from our Bank.

NC19. Fund Based Limits in Term Loan should be regulated through as Escrow Mechanism as agreed among banks to avoid any kind of diversion of funds

Signature		
Name	Amit Ukil	Siddhartha Baidya

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