

Encumbrances

That details of encumbrances is equitable mortgage is on the company's immovable property , residential land situated at plot no 87/1, Ramsinghpura, Patrakar Colony Mansarovar, Jaipur measuring 7150.56 sq mtr and A-7, Hanuman Vatika Sanganer Jaipur ,land measuring 1248.67 Sq Mt to secure the working capital (OD on reducing DP Basis) of Rs. 1490.00 Lacs sanctioned to the company by the state bank of Bikaner and Jaipur at financial super market, apex mall Tonk Road Jaipur -302015



स्टेट बैंक ऑफ बीकानेर एण्ड जयपुर

STATE BANK OF BIKANER AND JAIPUR

(भारतीय स्टेट बैंक का सहयोगी / Associate of the State Bank of India)

RMME-III, JAIPUR CENTRE

C-54, Sarojni Marg, C Scheme, Jaipur, Phone No-2369874, 2370816(Fax)

M/S Arihant Dream Infra Project Ltd
2nd floor, Class of Pearl,
Income Tax Colony,
Tonk Road,
Jaipur - 302007

RMME-III/
23rd November 2013

Dear Sir,

CREDIT FACILITIES

With reference to your advance proposal and subsequent correspondence resting thereon, we are pleased to convey sanction of following credit facilities in your favour w.e.f. 18/11/2013 to be availed from our Financial Supermarket, Jaipur branch on the terms and conditions detailed in the annexure and mentioned hereunder:

Particulars	Existing	Sanctioned
Working Capital (OD on Reducing DP Basis)	0.00	1490.00
FB Limit	0.00	1490.00
NFB Limit	0.00	0.00
Total FB+NFB Limit	0.00	1490.00


1. The Company will arrange External rating from RBI approved rating agency before 31/05/2014, otherwise additional interest @1.00% above normal interest will be charged w.e.f. 01/06/2014.
2. Disbursement of limit will be in the form of Overdraft Limit on Reducing DP basis. DP will be regulated keeping in view the quarterly/monthly drawdown schedule during construction period (Construction period is expected to end in March, 2015) and also keeping in view the repayment schedule (repayment to commence during construction period from October, 2014 and end in March, 2016). Disbursement will be made by way of direct payment to suppliers or shall be done to the company as per work completion certified by the Architect and a resources & application certificate from Chartered Accountant submitted by the company to the satisfaction of the branch. The disbursement shall be made in proportion to the promoter's contribution stipulated in the project (50.58% including capital & unsecured loans after deduction of booking advance) and progress of construction.
3. If booking advance remains lower than 30.69% of the project cost at any stage, the company to bring the shortfall in the form of capital/unsecured loan.
4. The company will inform to bank about each prospective sale of flat.
5. The company will open an escrow account with the branch and will give undertaking for routing all the receipts against sale of flats through this escrow account.
6. The company will apply to the bank for NOC before sale of each flat and the branch will issue NOC for sale of each flat after receiving undertaking from the company for routing all the receipts against sale of flat through escrow account only and undertaking from banker/FI of intending purchaser if the buyer is raising housing loan from any bank/FI (including SBBJ since the project is approved by our bank for housing loans) that loan amount disbursed for the flat shall be credited into the escrow account of the company with SBBJ branch.



7. The Company shall obtain and keep all statutory approvals / Govt. clearances required for the implementations of the project & consent to abide by the terms set out therein, which are required for smooth functioning / management of the project /property the company to give a stamped undertaking to this effect.
8. The company will disclose in the publicity broacher/pamphlets, advertisements in news papers/magazines that the project is financed by SBBJ and give information regarding mortgage of project land/ buildings/ fixtures etc to the bank in all these publicity materials. The company will also give this information in the display boards at the project site.
9. The company will indicate in their brochures/pamphlets that they would provide no objection certificate (NOC)/permission of mortgagee bank i.e. SBBJ for sale of flats.
10. The company to give an undertaking that they will construct the EWS flats within stipulated period as instructed/demanded by JDA.
11. A minimum asset security cover of 2.92 times of the outstanding loan amount, to be ensured by the company at all stages of implementation of the project.
12. The Company shall deposit 50% of the sale proceeds in loan account (till the amount of installment or interest falling due) as and when the request for relinquishing the bank's charge over the unit / area that is sold is made.
13. The company will ensure filing of charge with RoC within 30 days of execution of documents.
14. Please note to display a suitable signboard stating "Our Bankers State Bank of Bikaner & Jaipur" at a prominent place in the office/premises and project site.
15. Please note that our communication should not be construed as giving rise to any binding obligation on the part of the Bank, unless the Firm/director/ guarantors concur to comply with the terms and conditions set out herein and unless the agreement and other documents relating to the above facilities are executed by the firm / guarantors in such form as required by the bank.
16. Please note that the Firm will undertake, as a precondition of the credit facility sanctioned to it, that in case it commits default in compliance of the terms & conditions and repayment of other pecuniary obligations to the Bank/other lenders, the Bank/lenders/CIBIL and or Reserve Bank of India will have an unqualified right to disclose or publish name(s) of the Firm and its directors as defaulters in such manner and through such medium as the bank/lenders or Reserve Bank of India in their absolute discretion may think fit.
17. The company will have exclusive dealing with us. All Government business (CBDT, CBEC and state/central Receipts) to be routed through our Bank.
18. Please note to submit the audited financial statement every year well in time, so that renewal/review exercise can start at least three months before due date, any delay/default in submission is subject to penal rate as prescribed by the Bank from time to time.

This sanction is conveyed to you in duplicate. Please return duplicate copy duly signed by the authorized person on behalf of the Firm and the guarantors, in token of acceptance of terms and conditions.

Yours faithfully,


(A.K. Bhatia)
Chief Manager (RMME-III)
Encl: As above



Annexure – V.

NAME OF UNIT: M/s ARIHANT DREAM INFRA PROJECTS LIMITED

ZONE: JAIPUR REGION: II

BRANCH: Financial Supermarket, JAIPUR

SEGMENT: C&I (ME)

INDUSTRY: Construction work

LIMITS TOGETHER WITH DETAILS OF TERMS AND CONDITIONS

Overdraft (on Reducing DP Basis) Existing Rs. 0.00 lacs Proposed Rs.1490.00 lacs

Security (including guarantees):

a) Primary :

(Rs. In lac)

Facility	Details of	Type of	Value	Date of Valuation	Basis of
CC(HYP)	NA	NA	NA	NA	NA
BG	NA	NA	NA	NA	NA
LC	NA	NA	NA	NA	NA
OD on Reducing DP basis	1. Equitable Mortgage of project residential land measuring 7150.56 sq. mtrs situated at Plot No. 87/1, RamsingPura, Patrakar Colony, Mansarovar, Jaipur	Exclusive 1 st charge	i) Rs.1254.09 lac ii) Rs.1275.04 lac	i) 12/10/2013 ii) 24/10/2013	As per valuation of bank's approved valuer i) Er G.R.Meena ii) Sh Saudan Singh
	2. Equitable mortgage of land measuring 1248.67 Sq. Mtrs at A-7, Hanuman Vatika Scheme, Village Saligrampura, Tehsil Sanganer, Jaipur including	Exclusive 1 st charge	i) Rs.51.94 lac ii)Rs.54.96 lac	24/10/2013 25/10/2013	As per valuation of bank's approved valuer i) Sh Saudan Singh ii) Er. G.R. Meena
	3. Hypothecation of all the current assets including book debts / fixed assets of the project, both present and future.				
	4. All cash flows will be routed through CD account to be maintained at branch, which will be the designated escrow account.				
our Share of Security		In Percentage	100%		
		by value	Rs.1306.03 lac		



b) Collateral : Facility OD (reducing DP Basis)

(Value in Rs. crore)

S.No.	Description of the property	Valuation			Owned By	Type of Charge	Date of Valuation
		Type	12/10/13	24/10/13			
	Nil as land on which project is being constructed is treated as primary security. No additional collateral is proposed in the account.						

c) Our Share of Security : 100%

Total Value	Existing	Proposed
	NA	Rs.1306.03 lac realizable value as per valuation report dated 12/10/2013 & 25/10/2013 of Er.G.R. Meena. & dated 24/10/2013 of Sh Saudan Singh approved valuers of the bank..
Collateral Coverage%		87.65%

d) Guarantees:

(Rs. In lacs)

Facility	Name	Net Means	As on	Compiled on
OD (On Reducing DP Basis)	Sh. Rakesh Goel	301.41	31/03/2013	07/10/2013
	Smt Reena Goel	533.97	31/03/2013	07/10/2013
	Sh Rishabh Goel	3.00	31/03/2013	07/10/2013

e. Security Coverage:

Security Coverage – SBBJ:	Existing		Proposed	
	including residual value(%)	excluding residual value(%)	including residual value(%)	excluding residual value(%)
Term Loan (%)	NA	NA		
Working Capital (%)	NA	NA	Rs.1306.03 lac 100%	Rs.1306.03 lac 100%
Comment on infirmities in security creation, if any	NA		Piece of land at A-7, Hanuman Vatika Scheme, Vill Saligrampura Tehsil Sanganer, Jaipur where EWS flats are proposed has no earmarked boundaries at present. However, JDA patta is there.	

Repayment	Repayable in 18 monthly installments, first 6 installments of Rs.25.00 lac each and remaining 12 installments of Rs.111.67 lac each commencing from October, 2014 and ending on March,2016. Interest during the construction period will be served on monthly basis and thereafter also on monthly basis besides monthly installments for principal. DP will be kept reducing keeping in view the instalment amount repayable every month w.e.f. October, 2014.
Upfront Fee and Mortgage Charges	Upfront fee 1.00%. + applicable service tax. Equitable Mortgage charges Rs. 37,250/-.
CIBIL report Charges	Consumer data extraction- Rs.30.00 per extraction including Service tax. Commercial data extraction- Rs.700.00 per extraction including Service tax for each DUN number.



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Tenor	29 months including construction period.	
Interest	3.85% above base rate effective rate being 14.10% against applicable 5.25% above base rate i.e. 15.50% p.a. (Rising or falling with change in base rate)	
Promoter's contribution	35.05 % (Including intt. free unsecured loans from friends & relatives)	
Commitment Charges	1.20% for delayed draw down beyond 2 months from the draw down schedule.	
Penal Interest	<p>a) Non-payment of interest / installment,</p> <p>b) Cross default,</p>	<p>2% penal interest on entire outstanding after a period of one month of the due date of installment/application of interest i.e. grace period allowed for charging of penal interest</p> <p>--do--</p>
Prepayment Penalty	<p>a) The bank would be entitled to recover a prepayment penalty equal to 2% of the prepaid amount.</p> <p>b) No prepayment penalty to be levied for prepayment up to Rs.10.00 lacs, except in cases when the loan is prepaid for reasons of take-over by another Bank/Financial Institutions.</p> <p>c) No prepayment fee to be levied in cases of acceleration of repayment of up to 6 months.</p>	
Inspection	Monthly by Branch Manager/RMME.	
Disbursement	<p>Disbursement of limit will be in the form of Overdraft Limit on Reducing DP basis. DP will be regulated keeping in view the quarterly/monthly drawdown schedule during construction period (Construction period is expected to end in March, 2015) and also keeping in view the repayment schedule (repayment to commence during construction period from October, 2014 and end in March, 2016). Disbursement will be made to the company as per work completion certified by the Architect and a resources & application certificate from Chartered Accountant (statutory auditor of the company) submitted by the company to the satisfaction of the branch as per stage of construction. The disbursement shall be made in proportion to the promoter's contribution stipulated in the project (50.58% including capital & unsecured loans after deduction of booking advance) and progress of construction. If booking advance remains lower than 30.69% of the project cost at any stage, the company to bring the shortfall in the form of capital/unsecured loan.</p>	
Insurance	<p>Comprehensive risk policy (preferably from SBI General Insurance company) against all prescribed risks be obtained for the hypothecated assets/EM property. Original policy will be retained by the company. However, a copy of the policy will be submitted to the bank for record. Insurance policy must contain the bank's clause.</p>	
Security Documents	As prescribed.	
Other conditions	<p>a) The company shall undertake that no dividend will be paid or declared during any year in case interest and/or installment payable to the bank is due and not paid or outstanding.</p> <p>b) The Company shall obtain and keep all statutory approvals / Govt. clearances required for the implementations of the project & consent to abide by the terms set out therein, which are required for smooth functioning / management of the project /property the company to give a stamped undertaking to this effect.</p> <p>c) The company shall submit an unconditional stamped undertaking that advance payments / down payments for the residential complex will be routed through the borrower's escrow account with the Bank and will be used only towards construction.</p> <p>d) The company will ensure a minimum asset security cover of 2.92 times of the outstanding loan amount.</p> <p>e) It is stipulated that all the receipts from the buyers / subscribers of the residential space in the complex shall be by way of Crossed Cheques / Pay Orders / Drafts favoring "SBBJ Account M/s Arihant Dream Infra Projects Ltd. Escrow A/C-----".</p>	

- f) The company shall submit undertaking to take care of environmental considerations to prevent adverse impact, if any in accordance with applicable laws.
- g) The borrower shall submit an unconditional stamped undertaking that in case of cost-overrun either due to delay in execution of project or cost escalation, the promoters will bring in the entire amount so required.
- h) The company will disclose in the publicity broacher/pamphlets, advertisements in news papers/magazines that the project is financed by SBBJ and give information regarding mortgage of project land/ buildings/ fixtures etc to the bank in all these publicity materials. The company will also give this information in the display boards at the project site.
- i) The company will indicate in their brochures/pamphlets that they would provide no objection certificate (NOC)/permission of mortgagee bank i.e. SBBJ for sale of flats.
- j) The company to give an undertaking that they will construct the EWS flats within stipulated period as instructed/demanded by JDA.
- k) The company to get itself rated from RBI approved external rating agency before 31/05/2014 otherwise 1% additional interest will be charged w.e.f.01/06/2014.
- l) The company to give an undertaking that all the approvals obtained by it in the company's previous name M/s Arihant Shivank Infra Projects Ltd or any other name will hold good for the present name of the company i.e. Arihant Dream Infra Projects Ltd.

Financial Covenants: The Company shall ensure that the security cover to our Loan at no time shall be less than 2.92 and shall comply with the following covenants. The company shall undertake that it shall bring in additional long term funds in business by way of unsecured long term loans, so as to keep security cover with in the estimated /projected parameters.



STANDARD COVENANTS

- a) Bank will have the right to examine at all times the company's books of accounts and to have the company'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 of the Bank's choice. Cost of such inspection shall be borne by the company.
- b) The company should maintain adequate books of accounts, which should correctly reflect its financial position and scale of operations and should not radically change its accounting system without notice to the Bank.
- c) The company should submit to the Bank such financial statements as may be required by the Bank from time to time, apart from the set of such statements to be furnished by the company to the Bank as on the date of publication of the company's annual accounts.
- d) The company shall keep the Bank informed of the happening of any event likely to have a substantial effect on their profit or business: if, for instance, the monthly production or sales are substantially less than what had been indicated to the Bank, the company will inform accordingly with explanations and the remedial steps proposed to be taken.
- e) The company shall keep the Bank advised of any circumstance adversely affecting the financial position of their subsidiaries/group companies or companies in which it has invested, including any action taken by any creditor against the said companies legally or otherwise.
- f) All unsecured loans/deposits raised by the company for financing a project are always
- g) subordinate to the loans of the banks/financial institutions and should be permitted to be repaid only with the prior approval of all the banks and the financial institutions concerned.
- h) The Bank will have a first charge on the profits of the company, after provision for taxation, for repayment of installments under term loans granted/deferred payment guarantees executed by the Bank or other repayment obligation, if any, due from the company to the Bank.
- i) The company undertakes, as a precondition of the credit facility sanctioned to it, that in case it commits default in compliance of the terms & conditions and repayment of the Term Loan and/or other pecuniary obligations to the Bank/other lenders, the Bank/lenders and or Reserve Bank of India will have an unqualified right to disclose or publish name(s) of the company and its directors as defaulters in such manner and through such medium as the Bank/lenders or Reserve Bank of India in their absolute discretion may think fit.
- j) For all term loans, the borrower shall pay penal interest at 1% p.a. on the total outstanding in the event of any one or more of the following defaults during the currency of the loan for the relevant period as mentioned there-against:
 1. Any adverse deviation by more than 20% from the levels stipulated as below in respect of any two of the following items for a minimum period of one year:
 - i) Current Ratio of 1.65 as on 31.03.15
 - ii) TOL/TNW of 2.93 as on 31.03.2015
 2. Default in payment of interest or installment to the Bank for the period of such default.
 3. Default in payment of interest and/or installment on due dates to any other lender for the period such default.

Each of the following events will attract penal interest of one percentage point over and above the normal interest applicable in the account, subject to maximum penal interest not exceeding 2%

- a) irregularities in cash credit accounts, NA
- b) non-submission of stock statements, (delay beyond 10 days of the succeeding month to be considered as non-submission), NA
- c) Non-submission of renewal data beyond three months from the due date of renewal N.A.
- d) Non-compliance with covenants.



OPTIONAL COVENANTS

1. The Bank will have the option of appointing its nominee on the Board of Directors of the company to look after its interests. The company will defray the director's normal fees and expenses. Such director shall not be required to hold qualification shares and shall not be liable to retirement so long as the credit facilities granted by the Bank to the company are outstanding. When the option is exercised by the Bank, the company shall submit sufficiently in advance agenda papers relating to meetings of the Board of Director or any committees thereof and forward duly certified copies of the proceedings of such meetings. The Bank will have the right to appoint a nominee to attend any meetings of shareholders; where the right is exercised, the agenda papers and proceedings should be sent to the Bank sufficiently in advance.
2. The company will maintain a minimum net working capital of **Not Applicable**. In the event of any difference of opinion arising as to what constitute current assets and current liabilities, the Bank's decision will be final and binding on the company.
3. Monies brought in by the promoters/directors/principal shareholders and their friends and relatives by way of deposits/loans/advances will not be allowed to be repaid by the company without the Bank's prior permission in writing.
4. In addition to the normal insurance cover the company will arrange for insurance cover in respect of standing charges and loss of profit in the event of any stoppage of business for any reason;
5. The rate of interest, if any, payable on such deposits/ loans/ advances (Monies brought in by the promoters/ directors/ principal shareholders and their friends and relatives) 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 installments under term loans granted/deferred payment guarantees executed by the Bank or other repayment obligations, if any, due from the company to the Bank.

NEGATIVE COVENANTS

1. During the currency of the credit facilities being enjoyed by the company, it shall not, without the Bank's prior permission in writing:
2. effect any change in the company's capital structure; [In all cases of term loans, where a condition prohibiting disinvestments by promoters of their quota in the equity of the borrower company, without the prior approval of the Bank, all the promoters of the company should furnish an undertaking on the lines of Annexure-IV. On the basis of this letter of undertaking, promoters should also furnish each year in the first week of April, the latter's confirmation together with the Auditor's certificate as on 31st March every year for record of the Bank]
3. formulate any scheme of amalgamation or reconstruction;
4. undertake any new project, implement any scheme of expansion or acquire fixed assets except those indicated in the funds flow statement submitted to the Bank from time to time and approved by the Bank;
5. 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 normal course of business or advances to employees can, however, be extended;
6. enter into borrowing arrangement either secured or unsecured with any other bank, financial institution, company or otherwise or accept deposits apart from the arrangement indicated in the funds flow statements submitted to the Bank from time to time and approved by the Bank;
7. Pay guarantee commission to the guarantors whose guarantees have been stipulated/furnished for the credit limits sanctioned by the bank, without our prior approval.
8. undertake any guarantee obligation on behalf of any other company (including group companies);
9. declare dividends for any year except out of profits relating to that year after making all due and necessary provisions and provided further that no default had occurred in any repayment obligations;
10. create any charge, lien or encumbrance over its undertaking or any part thereof in favour of any financial institution, bank, company firm or persons;

11. sell, assign, mortgage or otherwise dispose off any of the fixed assets charged to the Bank;
12. enter into any contractual obligation of a long term nature or affecting the company financially to a significant extent;
13. change the practice with regard to remuneration of directors by means of ordinary remuneration or commission, scale of sitting fees, etc.;
14. undertake any trading activity other than the sale of products arising out of its own manufacturing operations; and
15. permit any transfer of the controlling interest or make any drastic change in the management set-up.

PENAL COVENANTS

The company will submit the requisite data for considering the annual review 3 months before the expiry of the currency of the credit limits sanctioned to it and statement of stock and book debts and quarterly data before due dates of the statement, failing which panel rate of interest will be charged as prescribed.

