

**Sanction Letter**  
(To be issued in duplicate)

To  
The Directors  
M/s SANGAL INDUSTRIES PRIVATE LIMITED  
Regd. Office: 8.5 KM JANSATH ROAD,  
City: MUZAFFARNAGAR,  
Dist: MUZAFFARNAGAR, State: Uttar Pradesh,  
India, Pin: 251001

(Borrower's name & address)

Letter No.: \_\_\_\_\_

Date: 15.12.2021

Dear Sirs,

**ADVANCES TO SME SEGMENT**  
**SANCTION OF CREDIT FACILITIES**

With reference to your application requesting us for sanction / renewal of Working Capital Limits and / or Term Loan Limits at existing / enhanced levels and subsequent correspondence in this regard, we have pleasure in advising sanction of the following credit facilities, which are available subject to your acceptance / fulfillment of the Terms and Conditions detailed in Annexures A & B:

		(Rs. in lacs)
SL	FACILITY	LIMIT
<b>A] FUND BASED LIMITS:</b>		
a	FBWC Cash Credit	1500.00
b	EPC/FB/FBP	(200.00)
c	Term Loan	4300.00
<b>Total of Fund Based Limits</b>		<b>5800.00</b>
<b>B] NON-FUND BASED LIMITS:</b>		
A	Bank Guarantee	800.00
b	CAPEX LC (ILC/FLC)**	(4000.00)
C	Forward Contract /CEL*	(50.00)
<b>Total of Non-Fund Based Limits</b>		<b>--</b>
<b>TOTAL LIMITS</b>		<b>6650.00</b>

(Please furnish particulars of inter-changeability between limits, if any)

\*EPC/FB/FBP is the sublimit of FBWC Cash Credit Limit.

\*\*Capex LC is the sublimit of Term Loan.

For Sangal Industries Private Limited

*[Signature]*

Director

For Sangal Industries Private Limited

*[Signature]*  
Director



We are forwarding this letter in duplicate along with Annexures A & B and shall be glad if you return to us the originals duly signed by you and the guarantors in token of having accepted the Terms and Conditions, below the words "We Accept" appearing at the end of the Annexures and retain the duplicate thereof for your record.

Thereafter, you may call on us with the guarantors, preferably with prior appointment, to execute the documents in this regard.

Assuring you of our best services at all times.

Yours faithfully,



**BRANCH MANAGER**

Encl.: Terms and Conditions Annexures A & B



**TERMS AND CONDITIONS**  
**ANNEXURE A**

**1. SECURITY:**

I. SECURITY.			
LIMIT	PRIMARY SECURITY	COLLATERAL SECURITY	THIRD PARTY GUARANTEE
		IMMOVABLE PROPERTY	
FUND BASED:			
Fund Based & Non Fund Based Working Capital	Hypothecation of entire current assets including stocks and receivables (present and future)	1. Commercial Building bearing Survey Number : Bahi no. 01 Zild no. 1496 Pg. No. 133 to 142 Sr. 5195 Dated 11.07.2000, situated at House no. 172/1 Mohalla Civil Lines South City, Muzaffarnagar, Muzaffarnagar, Uttar Pradesh, 251001, (Urban), Admeasuring Total Area : 24.42 Sq mts. Belongs to : Sh. Vineet Kumar s/o Sh. Damodardass , Who is : Personal Gurantee, Title Deed No : 5195, Registered On : 11- JUL-00, at : Muzaffarnagar, Uttar Pradesh.	1. Shri.Vineet Sangal 2. Shri.SHISHIR SANGAL **Smt.Usha Rani ( Personal guarantee is proposed upto the extent of value of her share of the property( commercial property).
Term Loans	First and exclusive charge by way of hypothecation of entire Plant & Machinery and other Fixed Assets of the Company both present and future.	2. Factory Land & Buildings bearing Survey Number : Bahi no. 01 Zild no. 12389 Pg. No. 287 to 302 Sr. 7900 Dated 14.07.2021, situated at Khasra no. 71,72,73,83,84,85,86,18,20,23,70 , Muzaffarnagar, Uttar Pradesh, 251001, (Urban), Admeasuring Total Area : 27613 Sq. Mts . Belongs to : Sangal Industries Pvt. Ltd, Who is : Borrower, Title Deed No : 7900, Registered On : 14-JUL-21, at : Muzaffarnagar, Uttar Pradesh	

**2. PERIOD OF ADVANCE & REPAYMENT TERMS:**

**Working Capital:** Repayable on demand. The facility which has been sanctioned on 04.12.2021 is available upto 04.005.2022, when it may be cancelled / reduced depending upon the conduct and utilization of the advance, or as per the Bank's Scheme.



### Term Loan:

The existing term loan is to be repaid as under:

Start Date	End date	No of installments	Installment amount
01/04/2023	31/03/2032	108	6 months moratorium

Interest shall be paid as and when due.

**Others:** Interest shall be payable on the outstanding in the loan accounts computed on daily balances basis duly compounded and debited to the accounts at monthly rests on the last working day of every month, in accordance with the accounting practices of the Bank from time to time.

### **3. RATE OF INTEREST & OTHER SERVICE CHARGES:**

**Working Capital:** Pricing at the rate of 5.10% above EBLR (6.65)% i.e, 11.75 % p.a. for SB-09 rated borrower. calculated on daily products at monthly rest. Bank shall at any time and from time to time be entitled to vary the margin based on the Credit Risk Assessment of the borrower and the EBLR at its discretion.

**Term Loan:** The applicable pricing of 5.10 % above EBLR i.e. 11.75 % p.a. for SB-09 rated borrower (including tenor premium) (For new Term Loan).

Accrued but unapplied interest, if any, shall be governed by RBI's directives on IRAC norms. Interest rates on facilities extended in foreign currency shall be linked to LIBOR rates.

Bank Guarantee: 25% margin on BG against applicable standard margin of 25% for issuance of BG under proposed limit of Rs. 8.00 crs.

Application of interest in respect of Agricultural Advances shall be in line with the harvesting seasons.

#### **Charges for Non Fund Based facility:**

BG Issuance Charges	As per Card Rate of the bank prevalent time to time.
LC Opening Charges	As per Card Rate of the bank prevalent time to time.

#### **Enhanced / Penal Interest:**

- i) Enhanced/ penal rate of interest as applicable/decided by the bank from time to time will be charged for the period of delay in respect of :
  - a) Delayed/non-submission of financial data required for review / renewal of limits
  - b) Delayed/non-submission of annual financial statements / FFR etc.,
  - c) Delayed/non-submission of stock statements
  - d) Non-renewal of insurance policy(ies) (stock/collateral/fixed assets)
  - e) Diversion of Funds
  - f) Adverse deviation from stipulated level in respect of various parameters
- ii) Enhanced / Penal rate will be charged on the excess drawings in case any irregularity / breach of the Bank's extant instructions /guidelines applicable from time to time. Enhanced / Penal interest will be compounded monthly.

- iii) The Bank shall also be entitled to charge at its discretion, enhanced / penal interest rates on the accounts either on the entire outstanding or on a portion thereof, for any irregularity including non-observance or non-compliance of the Terms and Conditions of the advances, for such period as the Bank deems it necessary.

Penal interest/charges(at present applicable rate)

i) Irregularity in Cash Credit Account:	5.00 % per annum on the irregular portion for the period of irregularity.								
Non Submission of Stock statements in time: <i>Stock statements not submitted within 20 days of the succeeding month to be treated as non-submission except where period is extended / specified by the sanctioning authority or in the scheme.</i>	<table> <tr> <td></td><td>Flat Penal Interest per day of delay</td></tr> <tr> <td>Rs. 1.00 to Rs 50.00 crore</td><td>Rs 1000.00</td></tr> <tr> <td>Above Rs 50 crore to Rs 500 crore</td><td>Rs 2000.00</td></tr> <tr> <td>Above Rs 500 crore</td><td>Rs 5000.00</td></tr> </table>		Flat Penal Interest per day of delay	Rs. 1.00 to Rs 50.00 crore	Rs 1000.00	Above Rs 50 crore to Rs 500 crore	Rs 2000.00	Above Rs 500 crore	Rs 5000.00
	Flat Penal Interest per day of delay								
Rs. 1.00 to Rs 50.00 crore	Rs 1000.00								
Above Rs 50 crore to Rs 500 crore	Rs 2000.00								
Above Rs 500 crore	Rs 5000.00								
iii) Non submission of Renewal Data, including Audited Balance Sheet	<p>Non-submission of renewal data 30 days before the due date for renewal of limits: Flat Rs 50,000/- upto the due date of renewal &amp; flat Rs 1,00,000/- per month thereafter till the date of submission. Non submission of audited balance sheet within 6 months of the closure of the financial year of the borrowing entity: (a) Delay of one month :NIL (b) Delay of more than one month: Pricing to go up by 25 basis points till the audited balance sheet is submitted.</p> <p>For listed companies, the above penal provision would be applicable, if the audited financials are not filed with the stock exchange as per SEBI requirements/listing agreement.</p>								
iv) Non submission / delayed submission of FFRs on due date.	Rs 5000/- for each month of delay beyond due date for submission.								
v) Non-renewal of insurance policy(ies) in a timely manner or inadequate insurance cover	Flat penalty (penal interest) of Rs 200/- for each day of delay beyond due date.								
vi) Diversion of Funds (Mandatory Negative covenant)	2.00 % p.a. on the entire out standings (over and above the aggregate penal interest of 3 % p.a ) till such time the position is rectified.								
vii) Term Loans									
(a) Non-payment of interest/ installment	a. 5.00 % per annum on the irregular portion for the period of irregularity..								
b) Cross default (Default in payment of installment/ interest to other Institutions/ Banks	b. 1.00 % p.a. on the entire outstandings for the period of non-adherence subject to a minimum period of 1 year.								
c) Adverse deviation from stipulated level in respect of any two of the following parameters:	c. Adverse deviation in respect of any two of the following four financial parameters, arrived at based on audited financial statements each year, from the estimated / projected levels								



I. DSCR	accepted at the time of sanction / last review, will attract penal interest : For Term Loans:	Parameter	Acceptable level for covenant testing
II. FACR		DSCR	As per sanction note
III. Interest Coverage Ratio		Interest Coverage Ratio	
IV. Debt/EBIDTA		FACR	
		Debt/EBIDTA	
		Adverse deviation from the acceptable level for covenant testing beyond which penal provisions would be invoked ( per parameter)	
		Up to 5 %	NIL
		More than 5 % and up to 10 %	25 bps p.a.
		More than 10 %	50 bps p.a.
		Penal interest would be charged retrospectively from the date of audited Balance Sheet on the basis of which, covenants have been tested, for the period of breach.	

Details of other charges ( plus 18% GST Extra)

Loan Processing Charges	0.35% of Loan amount(maximum of Rs 35.00 lacs) 25% concession in processing fee to be recovered Rs 6.16 lakh against applicable Rs 8.22 lakh.
Upfront Fee (Term Loan)	1.30% of Loan amount 25% concession against card rate has been sanctioned Amount to be recovered Rs 41.92 Lakh against applicable Rs 55.90 lakh
Annual review charges for Term Loans.	N.A.
Revalidation of Term Loan	N.A.
Commitment charges	N.A.
Pre-payment charges	2% of prepaid amount.
Facility Fee	0.15% of limit (to be recovered annually on 1 <sup>st</sup> April) 40% concession, amount to be recovered Rs 2.22 Lakh against applicable Rs 3.50 Lakh
Inspection Charges	
Documentation Charges	Flat fee of Rs.22,000
Other Charges, not mentioned above (if applicable):	
Interchangeability between Limits	0.01% of the limit, minimum Rs. 2,000/- and max. Rs. 50,000/-
Rephasing of Loans/ Deferment in Loan Installments	0.05% of the limit, minimum Rs. 2,000/- and max. Rs. 1,00,000/-
Substitution of Collateral Security/ Personal Guarantees	0.02% of the limit, minimum Rs. 2,000/- and max. Rs. 50,000/-
	0.03% of the limit, minimum Rs. 5,000/- and max Rs.

Release of Personal Guarantee/Collateral Security	1,00,000/-
Change in Terms and Conditions/Change in Project/Items of Machinery	0.05% of the limit, minimum Rs. 3,000/- and max Rs. 2.00 Lacs
Permission for Extending Corporate Guarantee	0.05% of the limit, minimum Rs. 10,000/- max Rs. 10,00,000/-
Miscellaneous Approvals not specified above	0.05% of the limit, minimum Rs. 3,000/- max. Rs. 1,00,000/- (to be recovered separately for each approval falling under other misc. approvals)

#### 4. MARGINS:

SL.	ITEM	MARGIN (IN %)
<b>A</b>	<b>FUND BASED LIMITS</b>	
a	Raw Materials : Imported	25
b	Raw Materials : Indigenous	25
c	Semi-Finished Goods	25
d	Finished Goods	25
e	Components / Consumables / Spares	25
f	Domestic Receivables	40
g	Export Packing Credit	25
h	Term Loan	33.33
<b>B</b>	<b>NON-FUND BASED LIMITS</b>	
a	Letters of Credit	25
b	Bank Guarantees	25

1. No current account with non-lender bank is to be opened/ continued by the unit without permission from the competent authority. Current Account with non-lender Bank will attract penal provisions as per Bank's extant instructions. Any deviation in this regard will attract a penal rate of interest of 5% above applicable rate.

2. Opening/Maintaining current account with Bank's outside the lending Arrangement without Bank's approval would amount to event of default & opening/maintaining current account with a Bank outside consortium/MBA without Permission will be treated as an Act of willful default



#### TENOR / RETENTION PERIOD OF BILLS:

120 days. The cover period of 120 days for Receivables would be extended only in respect of buyers other than associate / sister concerns. Receivables beyond 120 days will not be reckoned for computing Drawing Power. Drawing Power will also not be available on unpaid stocks.

#### 5. INSURANCE:

All the assets charged to the Bank should always be fully insured by the Borrower against burglary, fire, lightning, riots, strikes, floods, cyclones, earthquakes, civil commotion, and other natural calamities, etc., with a company approved by the Bank in the joint names of the Bank and yourselves, at your cost for full market value or Bank's interest, whichever is higher. The policies / cover notes should be lodged with the Bank. The policies should be kept alive (current) during the currency of the advance. In the event of non-compliance, the Bank reserves the right (but not be bound to exercise) to take the insurance cover as required by the Bank by debit to your account. The machinery to be purchased out of the Term Loan, if any, to be insured for the full market value or original cost of the machinery, whichever is higher. Likewise all the renewals of the policies should also be effected /done by the Borrower at all materials.

"The Borrower shall always be responsible to ensure that the insurance policy in respect of the hypothecated assets remains valid till all the dues of the Bank are repaid and to keep such insurance policy renewed each year".

"The Bank shall not be liable for any consequence arising from non-renewal of insurance in any year even if the Bank has in any previous year renewed the insurance of the hypothecated assets by debiting the borrower's account for failure of the Borrower to renew such insurance policy".

#### 6. CREDIT GUARANTEE COVER:

- a) Pre-shipment Credit, if any, will be covered by the Bank under the Individual Packing Credit Guarantee (IPCG) of ECGC, with premium payable by debit to your account.
- b) Post-shipment policy of ECGC with buyer-wise limits for non-L/C exports to be obtained by you at your cost, if applicable.
- c) ECGC officials have the right to inspect the Unit, if considered necessary.
- d) Credit Guarantee under CGTSI Scheme to be covered, wherever applicable.

#### 7. STOCK STATEMENTS:

Statements of Stocks / Receivables hypothecated / pledged to the Bank are to be submitted regularly at monthly intervals as on the last day of every month before the 20<sup>th</sup> of the following month / within 20 days from the date of stock statement and / or whenever there is a large variation in stocks / Book Debts and also as on the date of the Balance Sheet (31<sup>st</sup> March). The statement should not include stagnant / obsolete / rejected stocks. Bills / Sundry Debtors



outstanding beyond cover period should be shown separately in the statement. Sales and purchases figures for the month are to be reported. The details of unpaid stock with value should be shown separately. The Stock Statement should be signed by the authorized signatory. Suitable books / registers of the stock position are to be maintained at the factory / business premises.

The Stock Statement should invariably contain complete particulars of stocks, debtors (along with complete address), creditors, usance L/Cs opened, etc. It is essential that the outstanding borrowings at all times are fully covered by the value of security hypothecated, less the stipulated margins to be reckoned as per valuation of inventory given under Para 10 below. If at any time, the Drawing Power yielded by the stocks, debtors, etc., held by you falls below the amount borrowed, such excess drawings shall be adjusted forthwith. Partywise / agewise details for each bill raised shall be submitted on a monthly basis for computation of Drawing Power against Book Debts. Further, the level of Creditors / Acceptances over and above the accepted level will be deducted while computing Drawing Power.

### **INSPECTIONS:**

The Bank's officials / inspectors are to be permitted in the factory / business premises as and when required to inspect the stocks / books / equipment. Where the premises are leased / hired, necessary approvals to the effect from the Lessor, if any required, are to be obtained. All assistance to be extended to the Bank's officials in conducting and completing such inspections smoothly. Necessary remedial steps also to be taken to rectify any shortcomings, if any, pointed out by the Bank's officials. The cost of such inspections shall be borne by you.

### **8. VALUATION OF INVENTORY:**

<b>ITEM</b>	<b>TO BE VALUED AT</b>
Imported Raw Material	Landed cost (i.e., invoice value plus Customs Duty but excluding Sales Tax and demurrage, if any) or market price, whichever is lower
Indigenous Raw Material, packing materials, consumable stores and spares	Invoice price or market price or Govt. controlled price, whichever is the lowest
Semi-Finished Goods and Finished Goods	Cost of Production or Selling Price or market price or Govt. controlled rates, whichever is the lowest

### **9. SECURITY DOCUMENTS:**

The following security documents shall be executed by you and the Guarantors:

- a. Agreement of Loan-cum-Hypothecation
- b. Guarantee Agreement
- c. Mortgage documents
- d. any other documents as may be required by the Bank

### **12. OPEN TERM LOAN:**

The following Terms and Conditions, amongst others, shall apply in respect of Open Term Loan Facility if any, sanctioned to you by the Bank:

- a) The loan has been considered for the following genuine commercial purposes in line with the regular business activity of the Unit:
- b) The said facility is to be availed within \_\_\_\_ months from the date of sanction (currency of sanction). If the limits are not availed & utilized or only partially availed & utilized within \_\_\_\_ months from the date of sanction, the limit or unutilized portion of the limit, as the case may be, will lapse and shall, therefore, not be disbursed.
- c) The total amount that would be disbursed will not exceed the overall limit sanctioned under this facility and multiple withdrawals also may be permitted only within the currency of sanction.
- d) Every disbursement under this facility shall be made on receipt of a written request from you within the currency of sanction and release shall be subject to scrutiny of basic financial information.
- e) The Bank shall be free to treat each disbursement as an individual loan or limit for accounting or any other purposes.
- f) The period of repayment will commence from the date of the first drawdown for each sub-limit or loan in the facility.
- g) The Bank may club together the repayment of the installments of different sub-limits or loan disbursed and may be done on a month end / calendar quarter end, etc.
- h) In the event of multiple disbursements, the Bank shall stipulate the repayment installments for each purpose of drawal.
- i) At the end of the currency of sanction, the Bank may combine and constitute all sub-limits or loans as one limit or loan by re-arranging or re-scheduling the repayment schedules in such a manner that the maximum period of repayment shall not exceed \_\_\_\_ period.
- j) The letters exchanged between the Bank and you shall form an integral part of the security documents and shall be annexed to the General Agreement for Term Loan / Agreement of Loan-cum-Hypothecation.
- k) The primary security shall be hypothecation of the machinery purchased out of the Open Term Loan and the collateral security shall be
  - i)

**TERMS & CONDITIONS**  
**ANNEXURE B**

- a) Disbursement will be made only after completion of security documentation and formalities in respect of mortgage creation / extension. In respect of companies, in addition to these two requirements, charge to be filed with the Registrar of Companies within the prescribed period for creating a charge in favour of the Bank.
- b) Drawings in the account will be regulated on the basis of Drawing Power computed as per the latest Stock Statement.



- c) The Bank will have the right to examine at all times the Unit's books of account and to have the Unit's factories / offices / showrooms inspected from time to time by the officials of the Bank and / or qualified auditors and / or technical experts and / or management consultants or other persons of the Bank's choice.
- d) The Unit should not be dissolved / reconstituted without obtaining Bank's prior approval in writing. Post-facto approval of reconstitution / dissolution will not be accorded nor shall the existing guarantors be released if the dissolution / reconstitution is effected without prior approval in writing.
- e) The Unit should maintain adequate books and records which should correctly reflect their financial position and scope of operations and should submit at stipulated intervals such statements as may be prescribed by the Bank. The Unit should produce books of accounts for the inspection of Bank staff as and when called for.
- f) The Unit should submit provisional financial statements within one month and audited financial statements within three months from the date of closure of the accounting year. The returns submitted to the Sales Tax and Income Tax authorities should also be submitted to the Bank.
- g) The Unit should confine their entire business including foreign exchange business to us.
- h) The Bank will have the option of appointing its nominee on the Board of Directors of the Unit to look after its interests.
- i) The Capital invested in the business by the proprietor / partners / directors should not be withdrawn during the currency of our advance.
- j) In case the Unit fails to complete the formalities with regard to creation of a charge in favour of the Bank within a period of two months from the date of this letter, an enhanced interest of 1% on the outstandings or reduction of Drawing Power by 10%/20% or both will be considered without any reference to the Unit.
- k) The Unit should keep the Bank informed of the happening of any event likely to have a substantial effect on their profits or business and the remedial measures taken in this regard.
- l) The Unit should keep the Bank informed of any circumstances adversely affecting the financial position of their sister / associate / family / subsidiary / group concerns in which it has invested, including any action taken by any creditor against the said Units legally or otherwise.
- m) After accounting for provision for taxation, the Bank will have the first charge on the profits of the Unit towards repayment of instalments under Term Loans sanctioned / DPGs executed by the Bank or other repayment obligations, interest and any other dues from the Unit to the Bank.

- n) The proprietor / partners / directors should not withdraw the profits earned in the business / capital invested in the business without meeting the instalment(s) payable under the Term Loan. In the case of Companies, dividend should be declared only after meeting the dues to the Bank.
- o) All moneys raised by way of deposits from friends, relatives and / or from any other source should not be withdrawn / repaid during the currency of the Bank's advance. Suitable stamped letters of undertaking from the Unit and 'No Withdrawal' letters from the depositors should be submitted to this effect to the Bank.
- p) The Bank's name board(s) should be displayed prominently or painted on the machines pledged / hypothecated to the Bank and / or in the premises where the machines are installed and a list of such assets should also be displayed in the Unit.
- q) The Unit and other depositors of title deeds should possess a clear, absolute and marketable title to the properties proposed to be legally / equitably mortgaged in favour of the Bank to the satisfaction of the Bank's solicitors / advocates. Further, the said properties are to be revalued as and when required at your cost.
- r) Any legal expenses such as a solicitor's / advocate's fees, stamp duty, registration charges and other incidental expenses incurred in connection with the advance should be borne by the Unit.
- s) In respect of Working Capital Limits of Rs. 10 crore and above, Financial Follow-up Report (FFR I) should be submitted at quarterly intervals within 52 days from the close of relative quarter. FFR II (Half-yearly Operating Statement) should be submitted at half-yearly intervals within 67 days from the close of the relative half-year. Non-submission of the statements will be construed as non-compliance of the covenants.
- t) A charge of Rs N.A. will be levied per branch allocation in respect of limits allocated to other branches of the Bank.
- u) In respect of creation / extension of Equitable Mortgage in respect of property offered as collateral security to the Bank, a charge of Rs. – will be levied.
- v) Processing charges as sanctioned (presently Rs. 350/- per lac or part thereof + applicable tax) on the Working Capital limits sanctioned will be charged annually or at the time of renewal, whichever is earlier. Upfront/revalidation of term loan fee at the rate of 0.45% of term loan will be charged.
- w) If the Credit Rating awarded to the Unit is below SB/CUE-10, the risk rating will be reviewed half-yearly. The Unit should provide necessary information to facilitate such a review. In the absence of half-yearly review for want of such information, the risk rating will automatically slip by one step.
- x) Next renewal of the above facilities is due on 03.12.2022. The Unit is required to submit financial data one month before the due date.
- y) In respect of Term Loans, enhanced rate of interest is payable under the following circumstances:
  - a) Non-payment of interest / instalments



- b) Cross default
- c) In case of adverse deviation in respect of any of the following three financial parameters arrived at based on audited financial statements each year, from the estimated/projected levels accepted at the time of sanction /last review, will attract enhanced interest :
  - i) DSCR ii) Interest Coverage Ratio iii) FACR
- z) In respect of certain schemes such as Swarojgar Credit Card, etc., the facility should be covered under the Group Insurance Scheme.
- aa) Enhanced portion of Working Capital shall be released after installation of new machineries.
- a) In case of a Company being the borrower, the following terms are applicable:
- b) A resolution to be passed in a meeting of the Board of Directors of the Company for availing the credit facilities sanctioned by the Bank and a duly certified extract to be submitted to the Bank. The resolution should contain, *inter alia*, the following particulars:
  - I. Acceptance of the Terms & Conditions of the credit facilities sanctioned to the Company.
  - II. Authority in favour of Directors / Authorised Signatory to execute the security documents for availing the credit facilities sanctioned to the Company.
  - III. Authority in favour of Directors / Authorised Signatory for filing the documents and Form 8 and 13 with the Registrar of Companies for creating a charge over the assets of the Company in favour of the Bank.
  - IV. Affixation of the Company's Common Seal on the security documents and vesting of authority to authenticate such affixation.
  - V. Requesting the guarantors to offer their Personal Guarantee / Corporate Guarantee in favour of the Bank for the credit facilities sanctioned to the Company.
  - VI. Creation of first charge on the assets of the Company in favour of the Bank for the credit facilities sanctioned to the Company.
- c) The charge over the assets of the Company in respect of the limits sanctioned herein should be registered with the Registrar of Companies within 30 days from the date of execution of documents and filed copies of Form 8 and Form 13, together with receipt should be deposited with us. The Certificate of Registration is to be produced to the Bank within reasonable time for our records.
- ab) During the currency of the Bank's credit facilities, the Unit / Guarantors will not, without the Bank's prior permission in writing:
  - 1. Effect any change in the Unit's capital structure.
  - 2. Implement any scheme of expansion / modernization / diversification / renovation or acquire any fixed assets during any accounting year, except such schemes which have already been approved by the Bank.
  - 3. Formulate any scheme of amalgamation or reconstruction.
  - 4. Invest by way of share capital or lend or advance funds to or place deposits with any other concern, including sister / associate / family / subsidiary/ group concerns. However, normal trade credit or security deposits in the normal course of business or advances to employees can be excluded.
  - 5. Enter into borrowing arrangements either secured or unsecured with any other bank, Financial Institution, company or person.
  - 6. Undertake guarantee obligations on behalf of any other company, firm or person.
  - 7. 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.
  - 8. Effect any drastic change in their management setup.



9. Effect any change in the remuneration payable to the Directors / Partners, etc. either in the form of sitting fees or otherwise.
10. Pay guarantee commission to the guarantors whose guarantees have been stipulated / furnished for the credit limits sanctioned by the Bank.
11. Create any further charge, lien or encumbrance over the assets and properties of the Unit / Guarantors to be charged / charged to the Bank in favour of any other bank, Financial Institution, firm or person.
12. Sell, assign, mortgage or otherwise dispose off any of the fixed assets charged to the Bank.
13. Undertake any trading activity other than the sale of produce arising out of its own manufacturing / trading operations.
14. Open any account with any other bank. If already opened, the details thereof is to be given immediately and a confirmation to this effect given to the Bank.
15. No current account with non-lender bank is to be opened/ continued by the unit without permission from the competent authority. Current Account with non-lender Bank will attract penal provisions as per Bank's extant instructions. Any deviation in this regard will attract a penal rate of interest of 5% above applicable rate
16. ac) The following particulars / documents are to be furnished / submitted to the Bank:
  - i. Permanent Account Number (PAN) of each Borrower / Guarantor and Corporate Identity Number (CIN) in the case of companies.
  - ii. Passport Number and other details including photocopies.
  - iii. 3 self-attested photographs of the Borrower and Guarantors.
  - iv. Location / site-map of immovable properties with important landmarks.
  - v. Names and addresses / occupations of all the legal heirs of Borrower and Guarantors.
  - vi. Details of properties not charged to the Bank

ad) Notwithstanding anything contained hereinabove, we confirm having agreed that the bank reserves the absolute right to cancel limits( either fully or partially ) unconditionally without prior notice

- a) In case the limits /part of the limits are not utilized by us ,and/or
- b) In case of deterioration in the loan accounts in any manner whatsoever ,and/or
- c) In case of non compliance of terms and conditions of sanction".

- I. I/We hereby agree and give consent for the disclosure by the bank of all or any such information and data relating to me /us information relating to my/our obligation in any banking facility granted/to be granted to me/us by the bank as borrower /guarantors and in case of default ,if any, committed by me/us, in discharge of my /our obligations ,as the State Bank of India may deem appropriate and necessary ,to disclose and furnish to Credit Information Bureau (India) Ltd (CIBIL) and any other agency authorized in this behalf by RBI.
- II. I/We undertake that CIBIL and any other agency so authorized may use and process the said information and data, disclosed by the bank, in the manner as deemed fit by them .They may also furnish for consideration the proposed information and data or products thereof prepared by them, to banks or financial institutions and other credit guarantors or registered users, as may be specified by the RBI in this behalf.
- III. During the currency of credit facilities, if there is any change in the nationality of the Borrower(s)/Guarantor(s) or any individual Borrower(s)/Director(s)/ Guarantor(s)/ Partner(s) lose(s) the citizenship of India or acquire(s) the citizenship of any other country, the same has to be advised in writing to the Bank, immediately.
- IV. The Borrower shall always be responsible to ensure that the insurance policy in respect of the hypothecated assets remains valid till all the dues of the Bank are repaid and to keep such insurance policy renewed each year.



- V. The Bank shall not be liable for any consequence arising from non-renewal of insurance in any year even if the Bank has in any previous year renewed the insurance of the hypothecated assets by debiting the borrower's account for failure of the Borrower to renew such insurance policy".
- VI. No current account to be maintained with any other financial institutions/Bank. In case of non compliance penal interest as per Bank's extant instructions at present 5.00 % shall be charged.
- VII. In case of take over all the concession since last renewal/sanction shall be recovered. (if any)

Other Conditions/observations by sanctioning authority:

1. *During the course of currency of loan, no Current Account with other Bank/FI to be maintained.*
2. *CA Certificate confirming source of equity to be submitted.*
3. *LIE ( Lenders Independent Engineers ) is to be appointed for monitoring and implementation of the project. LIE also verify and confirm end use of disbursements.*
4. *Promoters to explore additional collateral security as the collateral security coverage is low.*
5. *USL will be subordinated to Bank Loan and an undertaking to be obtained from promoters that the same will not be withdrawn without prior approval of the Bank. Branch to ensure that no interest is paid on USL.*
6. *Equivalent to three month installment and interest to be built up immediately after implementation of the project and to be maintained at all times.*