

**Khushhal Mohal**MBA, PGDFM, MSc, CAIIB, DIT, LLB  
Advocate Enrl. No. D/2385/2005Flat no.20, Shri Badrinath Apartments,  
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New Delhi-110078. Phone 9868577284

Ref. No. SBI/MCBPR/LA/17-18/005

10<sup>th</sup> March, 2018The Relationship Manager,  
State Bank of India,  
MCB Pusa Road Branch,  
Pusa Road, New Delhi-110005.**LEGAL AUDIT REPORT****A. EXECUTIVE SUMMARY**

A. EXECUTIVE SUMMARY			
Sr. No.	Particulars		
1	Name of the Branch and Code No.	State Bank of India, MCB Pusa Road Branch, Pusa Road, New Delhi-110005.	
2	[a] Name of the Legal Auditor [b] Name of the Legal Firm	Khushhal Mohal, Advocate	
3	Contact no. of Legal Auditor / Legal Audit Firm and their e-mail ids	9868577284 kmohal@rediffmail.com	
4	Branch Letter No. & date for conduct of Legal Audit (Mandatory)	Email dated 05.03.2018.	
5	Name of the Borrower & Address	M/s Mothers Pride Dairy India Private Limited, D-247/29, Sector-63, Noida, U. P.-201301.	
6	Constitution	Limited Company.	
7	Activity	Milk and its products..	
8	Banking with us since	2015.	
9	Banking Arrangement (Sole Banking / MBA / Consortium )	Sole Banking. The present audit is for Fund Based Term Loan of Rs. 28.50 crores.	
10	Date of Information Sheet provided (to be enclosed along with the report)	--	
11	Details of sanctions scrutinised (mention the No. & date of Sanction /Resolution and Sanction Authority	MCB/2015-16 dated 22.12.2015.	
12	Details of Credit Facilities sanctioned:	Facilities	Limits (Rs. / Crs.)
		FBWC	--
		NFBWC	--
		Term Loan	28.50
		Others	--
13	Legal Audit Started on:	08.03.2018	



14	Legal Audit Completed on:	09.03.2018
15	Critical Risks / Deficiencies observed (Bullet Points)	--

B. ALUE STATEMENT WISE OBSERVATIONS		
Sr. No.	VALUE STATEMENT	LEGAL AUDITOR'S OBSERVATIONS
1	<p><b>ARRANGEMENT LETTER</b></p> <p>a. Arrangement Letter exchanged immediately on receipt of sanction resolution. Undue delay not observed. Arrangement Letter is exchanged even in case of renewal and also for continuation of the credit facilities at the existing level</p> <p>b. Arrangement Letter issued to the borrower / guarantors covers all terms &amp; conditions of sanction, conditions including the stipulations, observations of sanctioning authority, incorporated the standard covenants (Mandatory Covenants and Mandatory Negative Covenants, financial covenants), Consent for disclosure to CIBIL &amp; cancellability clause, Re-set Clause for TL, right to recompense clause in respect of restructuring etc. Details of immovable properties taken as security have been recorded as per security column of the proposal.</p> <p>c. Disclosure of Nationality of Borrower and Guarantor. Clause mentioning losing of the citizenship of India or acquire the citizenship of any other country and the same has to be advised in writing to the Bank, immediately has been incorporated in Arrangement Letter.</p> <p>d. Arrangement Letters duly accepted by both the borrower and guarantor(s) are on record.</p> <p>e. Draft Copies of loan Documents and schedule of applicable charges have been acknowledged by the borrower as per adoption of Fair Lending Practices Code.</p>	<p>Yes.</p> <p>Yes.</p> <p>N. A. As no such stipulations.</p> <p>Yes.</p> <p>No as prescribed documents of e-SBBJ were obtained.</p>

Sr. No.

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**APPROPRIATE RESOLUTION:**

a. Memorandum & Articles of Association / Partnership Deed / Trust Deed / Bye-laws, etc. [updated copies], are on record and borrowings are as per permitted level specified in MoA / AoA.

Yes.

b. Appropriate Board Resolutions of the Borrowing Company / Corporate Guarantors for availing the aggregate credit facility sanctioned and accepting the terms & conditions thereof including security creation & documents execution etc. are on record.

Yes certified copy of Board Resolutions dated 15.12.2015 is available with the documents.

c. Appropriate documents are obtained including scheme specific documents.

Yes documents prescribed by eSBBJ are taken.

d. Documents are stamped appropriately, filled in and are executed by the executants authorised in the Board Resolution. Common Seal has been affixed and properly witnessed (if so required).

Yes.

e. Compliance Certificate-Predisbursement compliance of terms and conditions of sanction has been kept with Loan Documents.

Yes.

f. Borrower's declaration & confirmation in respect of Section 281 of IT Act incorporated in the Loan Documents.

Not stipulated in sanction.

g. Inclusion of Clause on non induction of Willful Defaulters on the Board of Borrowing Unit.

Yes.

h) Drafted documents / nonstandard documents have been vetted by Bank's Law Officer / empanelled advocate.

N. A. as documents prescribed by eSBBJ are taken.



i) Documents are valid and current. Revival Letters [supported by Board Resolutions], wherever applicable, are Obtained. Balance Confirmation is obtained annually.

Yes.

j. Documents and subsequent Revival letters executed were entered in the Document Execution Register with due authentication.

N. A. as documents are dated 23.12.2015.

**Guarantee Agreements**

k). All the Guarantee Agreements are duly stamped and executed by guarantors / corporate guarantors mentioned in the proposal.

Yes.

l. Supporting Board Resolution of Corporate Guarantor has been obtained.

N. A.

m. Whether the guarantee by the company is not in contravention of the provisions of the Section 185 and 186 of the Companies Act 2013.

N. A.

n. Full particulars of the Guarantors like names of guarantors, along with particulars, viz., s/o, d/o, w/o complete postal address, phone nos., mobile nos., e-mail id, passport details etc., are recorded in the Guarantee Agreements.

Yes.

o. Undertaking by the borrower about non-payment of Commission and declaration from guarantors for not demanding commission for the guarantee extended are obtained.

Yes.

p. In case of Consortium documents, where Bank is the member, copies of documents forwarded by Consortium Leader with covering letter held on record.

N. A.

q. Periodic possession Certificate in respect of Security Documents executed outside the Home Branch / held by the Security Trustee or other Branches are held on record.

N. A.

**Stamp duty Requirement**

r. Whether all loan documents and guarantee documents, obtained from borrower/ guarantor/etc. are properly stamped in accordance with the applicable Stamp Laws. If, there is any deficiency, provide the details

Yes.

**Registration Requirement**

s. Whether the registration requirement of security interest with CERSAI was completed. If, so furnish details including date of registration.

Yes.

t. Whether the requirement of registration with ROC, if required completed.

Yes.

u. Registration with ROA, Sub Registrar or any other Authority is Required. If so. Furnish details and Compliance.

No.

**Security Interest with CERSAI created on:**

i) Immovable Properties by mortgage other than mortgage by deposit of Title Deeds.

N. A.

ii) Hypothecation of Plant & Machinery, Stocks, Debts including Book Debts or Receivables, whether existing and future.

N. A.

iii) Intangible Assets.

N. A.

iv) Any under construction residential or commercial building etc.

Yes.

Sr. No.	VALUE STATEMENT	LEGAL AUDITOR'S OBSERVATIONS	FOR SBI USE
3	<b>LEGAL OPINION ON PROPERTIES MORTGAGED [TITLE INVESTIGATION REPORT]</b>  a. Satisfactory TIRs from two different panel advocates in Bank's Standard Format are obtained and held on record with required	Yes.	





documents stated in the Master Circular on TIR dated 13.04.2013. [At least one TIR as per the prescribed format drawn in Master Circular dated 13.04.2013 should be obtained.]

b. Search covers a period of not less than 30 years and it has been indicated clearly, otherwise, the reasons for the same recorded in the TIR

Yes.

c. Root / chain of title have been adequately furnished in the legal opinion based on parent / subsequent title deeds or other valid documents.

Yes.

d. Electricity Connection, Water Connection and Sales Tax Registration etc. have been verified by the Advocate as a due diligence process in respect of mortgage properties for identification of properties.

Yes.

e. TIRs contain the list of documents to be taken in original / certified copies / Photostat copies for creation of valid mortgage and reasons for non-availability of original title deeds and the mitigatory measures for enforceability of the securities.

Yes.

f. TIRs contains:

i. the Certificate of genuineness of title deeds related to the properties and are without any qualification.

Yes.

ii. Liability / Responsibility clause has been incorporated in the TIR.

Yes.

iii. Certificate of opinion is clear and without subjective clause.

Yes.

iv. Advocate has obtained certified copies of the Title Deeds and enclosed with the TIRs.

Yes.

v. Certificate of Search of the "Lispendens Register" carried out for ascertaining that there are no adverse interests existing on the

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property to be mortgaged.		
g. Applicability of SARFAESI enforcement / Enforceability of Agricultural properties taken as security for non-agricultural loans clearly stated in the TIR.	Yes.	
h. Applicability of Section 281 of Income Tax Act and its impact recorded.	--	
i. Opinion on Permission from Charity Commissioner obtained in case of mortgage created / to be created over the assets of charitable trust.	N. A.	
j. Legal Opinion/ TIR validated the documents executed through POA, Gift Deed etc. and laid down instructions are followed. [All TIRs furnished by the Bank's empanelled advocates, where POAs are involved, are to be additionally vetted by the Bank's Law Officer, for their genuineness and enforceability]	N. A.	
k. Annexure-E compiled based on TIR and duly signed by the authorised officials. Deficiencies highlighted in TIR, if any, are properly addressed.	--	
<b>Other Areas to be examined.</b> If the title deeds are in a vernacular language, brief particulars of the title deeds in English signed by the Bank's Advocates/ Solicitors should be obtained.	N. A.	
<b>Scrutiny of Encumbrance:</b> i. Whether an up to date encumbrance certificate is obtained from the office of the Sub — Registrar.	N. A.	
<b>Or</b> ii. A search is made in the records of the office of Sub —Registrar to ascertain the encumbrance on the property.	Yes.	



iii. Whether the mortgage/security in favour of the Bank is reflected in the records of Sub-Registrar or encumbrance certificate. No.

iv. Whether there is any subsequent encumbrance, changes, assignment, etc. in respect of property subsequent to the creation of mortgage in favour of the Bank. No.

Sr. No.

# VALUE STATEMENT

## LEGAL AUDITOR'S OBSERVATIONS

FOR SBI USE

4

### MORTGAGE OF PROPERTIES:

a. Mortgages [both primary and collateral security] of all the properties belonging to the borrower/ guarantors are created as per terms of sanction, excepting where specific approval / time frame has been permitted to create mortgage at a later date. Yes.

b. Mortgager declaration in respect of no proceeding / pending / contemplated Under Section of 281 of IT Act incorporated in Memorandum of Entry / Mortgage Deed. --

c. Properties mortgaged owned by the Company / Corporate Guarantor [duly listed] are backed by Board Resolutions of borrower / corporate guarantors as applicable. Yes.

d. Whether the mortgage by the company is not in accordance with the provisions of the Section 185 and 186 of the Companies Act 2013. No.

e. Particulars of land like, location of land, area of land, boundaries etc. mentioned in the proposal tally with the title deeds, recital and EM Confirmation Letter/ Board Resolution] Yes.

f. In respect of mortgage of "Lease hold" properties, the absolute owner [other than lease from Govt. N. A.

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/ State Industrial Debt Corporations, etc.], has additionally created the mortgage as "absolute owner".

g. NOC / Noting of Bank's interest [in applicable cases] from Lessor [Govt. Agency - e.g., KSIIDC, MIDC, APIIC /Co-operative Societies, etc.] have been obtained and are held on record as per terms of Lease.

N. A.

h. Wherever EM is created at other branches of SBI / other Banks/ Security Trustees, copies of Recital /Memorandum of Entry (duly certified) are held on record as per extant guidelines. Periodical confirmation [at the time of renewal] from other Banks/ Security Trustees obtained and kept on record.

N. A.

i. When the mortgage covers exposure of other Banks, (Under MBA or Consortium), aggregate exposure covered by the mortgage as well as nature and rank of charge (first / second) are suitably recorded in the Recital / MOE / EM Register.

N. A.

j. Registration of Equitable Mortgages with RoA carried out, if applicable.

N. A.

k. All documents as per TIR obtained and held on record.

Yes.

l. Controllers Approval obtained in case of creation of EM on the basis of Sales Deed executed by POA, Gift Deeds and by deposit of certified copy of title deeds. Confirmations for Creation / Extension of Mortgage have been received and held as per extant guidelines in respect of noncorporate].

N. A.

m. Bank's Standard EM Register/ Title Deed Register is maintained and proper recordings are carried out.

Yes.



n. Registration of charge created over immovable properties with Central Electronic Registry (CERSAI) evidenced. [Cross-check with the copy of screen shot of registration with CERSAI]

Yes.

Other Areas in relation to the Mortgage to be examined.

i. Area of land, boundaries, location mentioned in the proposal tally with title deed, EM Register, EM confirmations/Board Resolution etc.

Yes.

ii. Demarcation of the Property for its identification and possible enforcement.

Yes.

iii. Confirmations for creation / Extension of Mortgage have been received and held as per extant guidelines.

Yes.

iv. Memorandum of Deposit of Title Deeds is duly stamped, if applicable.

N. A.

### Stamping and Registration Requirement

i. Whether proper stamp duty has been paid in respect of mortgage / Equitable Mortgage.

N. A.

ii. Whether the requirement of registration of mortgage with Sub-Registrar or any other authority, as applicable has been duly completed.

N. A.

Sr. No.

### VALUE STATEMENT

### LEGAL AUDITOR'S OBSERVATIONS

### FOR SBI USE

5

SCRIPS STIPULATED AS SECURITY OBTAINED:

a. Stipulated Scrips ( viz. TDR, SC, Share Certificates in Physical Form), with appropriate security documents including security delivery letter have been obtained and records are maintained as per extant instructions with lien marked wherever necessary and kept

N. A.

securely as Board resolution obtained, in c Ltd. /Public L as Collateral

b. Shares provisions of Act. 1949 en Demat form Depository obtained P held on rec comment o securities sanctioned

Sr. No.

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SECOND CHARGE:

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Sr. No.	<p>c) Second / Pari- passu charge have been correctly mentioned in CHG-1.</p> <p>d) Charges created by pledge is registered under the option "Other" under "Type of Charge" in Form CHG-1.</p>	N. A.	N. A.	LEGAL AUDITOR'S OBSERVATIONS	FOR SBI USE
	VALUE STATEMENT				
8	<p><b>VERIFICATION OF CHARGES FILED FOR REGISTRATION:</b></p> <p>Detailed search reports for all the charges filed have been obtained at prescribed periodicity and before renewal of limits. Assets of the Borrower &amp; Corporate Guarantors charged to the Bank are properly reflected in the Search Report. [Date of ROC search Report verified to be mentioned.]</p>	Yes.			
Sr. No.	VALUE STATEMENT			LEGAL AUDITOR'S OBSERVATIONS	FOR SBI USE
9	<p><b>SATISFACTION OF REDUNDANT CHARGES:</b></p> <p>Prior redundant charges (Charges for which loans have already been liquidated); if any, of other lenders have been satisfied and such charges are not reflected in ROC Search Report, wherever applicable.</p> <p>[ In case of non-filing for satisfaction of redundant charges, Legal Auditors to record their comments based on the following parameters :</p> <p>[i] Statement of Account / No Dues Certificate from the Lender</p> <p>[ii] Audited Balance Sheet along with letter from Company Secretary that no such dues are outstanding, and</p> <p>[iii] Certificate from Statutory Auditors of the Company that no</p>	N. A.	N. A.	N. A.	N. A.

such dues are pending			
Sr. No.	VALUE STATEMENT	LEGAL AUDITOR'S OBSERVATIONS	FOR SBI USE
10	Legal Auditor's guidance to the Branch for rectification of deficiencies observed / remedial measures needed:	Nil.	

**LIST OF LOAN DOCUMENTS SCRUTINISED ( To be tallied with Credit Facilities sanctioned as under item 12 (page-2) of Executive Summary)**

For 28.50 crores by Bank with Board Resolution dated 15.12.2015

- (i) Agreement of Loan for Overall Limit (F-957) dated 23.12.2015 vide Board Resolution dated 15.12.2015.
- (ii) Deed of Guarantee (F-960) dated 23.12.2015 by Smt. Rashi Gangwani.
- (iii) Deed of Guarantee (F-960) dated 23.12.2015 by Shri Gurbinder Singh and Smt. Sonia Singh.
- (iv) Deed of Guarantee (F-960) dated 23.12.2015 by Shri Anant Kumar Choudhary and Smt. Shalni Choudhary.
- (v) Deed of Guarantee (F-960) dated 23.12.2015 by Shri Navneet Jain and Smt. Sarika Jain.
- (vi) Agreement for Hypothecation of Goods and Assets (F-958) dated 23.12.2015.
- (vii) Letter Regarding Grant of Individual Limits Within the Overall Limit (F-965) dated 23.12.2015.
- (viii) CIBIL Consent by Borrower and Guarantors.

**CERTIFICATE ON MORTGAGE DOCUMENTS ---This section is Not Applicable as no mortgage is there--**

I / We have examined the Original Title Deed(s) of following securities

Sr No.	Description	Schedule of property	Name of the Mortgagor	Remarks
1	Residential Category-II Second Floor SFS Flat No. 6286, Pocket-6 & 7, Sector- C, Vasant Kunj, New Delhi with Scooter Garage of plinth area measuring 101.93 square metres.	As alongside.	Shri Gurbinder Singh and Smt. Sonia Singh.	
2	Residential Second Floor Flat No. G. K.-IV/102-B without roof rights on Plot No. IV/102-B in residential colony Indirapuram, Tehsil and District Ghaziabad, Uttar Pradesh of plinth area measuring 78.07 square metres.	--do--	Smt. Sarika Jain.	
3	Converted land measuring 0.254 hectares in Khasra No. 314 in village Anandpur, Tehsil Chandausi, District Sambhal, Uttar		M/s Mothers Pride Dairy India Private Limited	





4.	Pradesh. Converted land measuring 1.717 hectares in Khasra No. 314 in village Anandpur, Tehsil Chandausi, District Sambhal, Uttar Pradesh.		Smt. Sarika Jain and Smt. Rashi Gangwani	
5.	Converted land measuring 4.706 hectares in Khasra No. 314 in village Anandpur, Tehsil Chandausi, District Sambhal, Uttar Pradesh.		Shri Anant Kumar Choudhary and Smt. Shalni Choudhary	

offered as security by way of **EQUITABLE MORTGAGE** and that the Documents of Title available with the Bank are valid evidence of right, title and Interest of the mortgagor and that the said Registered/ Equitable Mortgage created, in favour of the Bank satisfies the legal and procedural requirements of creation of Equitable Mortgage.

2. There are no prior Mortgage/ Charges/ Encumbrances whatsoever, as could be seen from the Encumbrance Certificate for the period from \_\_\_\_\_ to \_\_\_\_\_ pertaining to the Immovable Property/ (ies) covered by above said Title Deeds.

3. ~~In case of second/subsequent charge in favour of the Bank, there are no other mortgages/charges other than already stated in the Loan documents and agreed to by the Mortgagor and the Bank (Delete, whichever is inapplicable).~~

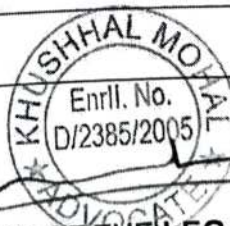
4. ~~Details of minor(s) and his/ their interest in the property (ies) are to the extent of \_\_\_\_\_ (Specify the share of the Minor with Name). (Strike-out if not applicable).~~

5. (i) I certify that all mortgagors of property (ies) have an absolute, clear and marketable title

(ii) I / We confirm having made a scrutiny of the records of as per the lawyer report and certified copies on record with the bank which has been seen by the undersigned and found to be in order; I do not find anything adverse which would prevent the Bank from enforcing the mortgage created in the account. I am liable /responsible, if any loss is caused to the Bank due to negligence on my part or by my agent in making the scrutiny/ audit as above.

(iii) I certify that the title deeds relating to properties mentioned above deposited with the Bank are genuine, valid and enforceable mortgage has been created. The mortgage/security interest can be enforced by the Bank in case of need.

PLACE: NEW DELHI



SEAL & SIGNATURE OF THE LEGAL AUDITOR

DATE: 10.03.2018