



भारतीय लघु उद्योग विकास बैंक
SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

No.SIDBI/FDBO/4177/ Grandslam TL II

Date: January 11, 2016

LETTER OF INTENT
(IN DUPLICATE)

To
The Director,
Grandslam Developers Private Limited,
Unit No. 107, Parmesh Business Centre II,
Plot no. 23, Community centre-V,
E-II, Karkardooma
Delhi-110092
(The Borrower)

Dear Sir/Madam

Subject : Your application dated 21.05.2015 for sanction of term loan/financial assistance

With reference to the above subject, we inform you that SIDBI is agreeable in principle to sanction to the Borrower the following term loan/financial assistance subject to the terms and conditions stipulated hereunder and also in the standard formats of Loan Agreement and General Conditions, copies whereof are enclosed herewith (which are subject to modifications as may be considered necessary):

- 1. QUANTUM OF LOAN/FINANCIAL ASSISTANCE AND SCHEME:** Financial Assistance in the form of Rs 26.00 crores (Rupees Twenty Six Crores only) (in words) under SIDBI Make in India Soft Loan Fund for Micro Small & Medium Enterprises (SMILE) Scheme (the Scheme). (hereinafter referred to as "the loan").
- 2. UPFRONT FEE:** An upfront fee at the rate of 0.50% along-with applicable service tax of the total sanctioned loan amount of Rs 26.00 crores shall be payable by the borrower to SIDBI before or at the time of issue of this LOI by SIDBI. The upfront fee shall be non refundable and non-adjustable.
- 3. PURPOSE:** The loan shall be utilised by the Borrower for establishing Micro Small & Medium Enterprises (MSME) in manufacturing and service sector as also for pursuing opportunities for growth for existing MSME by expansion, modernisation, technology up-gradation or other projects for growing their businesses. The loans cannot be used for repayment of earlier loans. The loan proposal envisage development of an IT park at A-40, Sector 62, Noida more specifically 2nd phase 'Tower B' having super built up area of about 4.17 lakh sq fts.
- 4. INTEREST:**

a) **Rate of Interest on Term Loan:** Up to a period of 3 years from the date of first disbursement the interest shall be payable at the rate of 10.25% p.a.(percent per annum), with monthly rests, on the principal amount of the term loan outstanding from time to time and thereafter interest shall be charged at the rate

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PLR +100 bps (floating) [existing PLR being 11.95% p.a. and effective rate 12.95% p.a. on floating basis].

The above concessional rate shall be withdrawn in case the unit becomes ineligible for such concessional funding under the Scheme or other event as defined in the Agreement.

Provided that the interest payable by the Borrower shall be subject to the changes in the interest rates made by the Reserve Bank of India.

5. **PENAL INTEREST ON DEFAULTED AMOUNTS:** Non-payment of installment of principal, interest and all other monies (except penal interest) pertaining to the term loan as well as soft loan on their respective due dates, shall carry penal interest at the rate of 2% per annum for the period of default.

6. **REPAYMENT:** The Loan shall be repaid by the Borrower to SIDBI in 36 monthly installments after a moratorium of 18 months from the date of first disbursement of the loan as per the repayment schedule annexed hereto. The date(s) of such installments shall be 10th of every month of each year. Due dates of the installments will be advised to the Borrower by SIDBI at the time of first disbursement of the loan. On SIDBI advising the due dates of installments the repayment schedule shall stand modified accordingly and the letter of SIDBI advising the due dates of installments shall form part and parcel of the letter of intent.

7. **PREMATURE REPAYMENT:** No prepayment premium shall be levied on prepayment of term loan.

8. **LEGAL/VALUATION CHARGES:** The borrower shall also pay to SIDBI legal fees and expenses incurred / to be incurred in connection with documentation, filing and registration of charge pertaining to the above facility, due diligence of project contracts/ documents, carrying out searches, investigation of title and / or valuation of properties to be undertaken by SIDBI in respect of borrower's properties, project and other securities.

9. **SECURITY: (A) Primary Security :**

- i. First charge by way of mortgage in favour of SIDBI of the Borrower's immovable properties [building Tower 'B'] situate at Plot No 40, Block A, Sector 62, New Okhla Industrial Development Area, District Gautam Budh Nagar, Uttar Pradesh admeasuring 20,000 sq mtrs both present & future.
- ii. First charge by way of hypothecation in favour of SIDBI of all the Borrower's movables at 'Tower B' including the movables, plant, machinery, equipments, machinery spares, tools & accessories, office equipments, computers, furnitures and fixtures, acquired / to be acquired under the project i.e. Tower-B
- iii. First charge in favour of SIDBI on Borrower's operating cash flows, book debts, commissions, Rent Receivables, stock of raw material and any other revenues of whatsoever nature and wherever arising, pertaining to its Project (i-thum) Tower- B at Plot No 40, Block A, Sector 62, New Okhla Industrial Development Area, District Gautam Budh Nagar, Uttar Pradesh, both present and future.
- iv. First charge by way of assignment in favour of SIDBI in (i) all the right, title, interest, benefits, claims and demands whatsoever of the Borrower in the



Project, duly acknowledged and consented to by the relevant counter-parties to such Project Documents, all as amended, varied or supplemented from time to time; (ii) all the rights, title, interest, benefits, claims and demands whatsoever of the Borrower in the Clearances; (iii) all the right, title, interest, benefits, claims and demands whatsoever of the Borrower in any letter of credit, guarantee, performance bond provided by any party to the Project Documents and (iv) all Insurance Contracts / Insurance Proceeds, pertaining to Project (i-thum) Tower-B at Plot No 40, Block A, Sector 62, New Okhla Industrial Development Area, District Gautam Budh Nagar, Uttar Pradesh.

B] Collateral Security:

- i. Extension of First charge by way of mortgage in favour of SIDBI of the Borrower's leasehold rights over the immovable properties (including Tower-A) situate at Plot No 40, Block A, Sector 62, New Okhla Industrial Development Area, District Gautam Budh Nagar, Uttar Pradesh admeasuring 20,000 sq mtrs including building and structure thereon.
- ii. Extension of first charge by way of hypothecation in favour of SIDBI of all the Borrower's movables including the movables, plant, machinery, equipments, machinery spares, tools & accessories, office equipments, computers, furnitures and fixtures, acquired / to be acquired under the earlier term loan of Rs. 33.25 crore sanctioned by SIDBI for Tower 'A'.
- iii. Extension of First charge by way of pledge on FDR of Rs 1081 lakh in favour of SIDBI.
- iv. Extension of first charge on all rent receivables of the Tower A including lien on Escrow account.
- v. Extension of first charge by way of assignment in favor of SIDBI in all the rights, titles and interests of the Borrower in respect of all assets of the Project and all Project Agreements, contractor guarantees, performance bonds and liquidated damages in respect of Tower A.

Borrower shall make out a good and marketable title to its properties/above properties to the satisfaction of SIDBI and comply with all such formalities as may be necessary or required for the said purpose.

(c). GUARANTEE(S):

1. The borrower shall procure and furnish irrevocable and unconditional personal guarantee of,

a	Shri Prem Bhutani	c	Shri Ashok Kumar
b	Shri Sandeep Sahni	d	Shri Gurmeet Singh

The guarantee shall be joint and several. No guarantee commission shall be payable to the guarantors.

2. The borrower shall procure and furnish irrevocable and unconditional Corporate Guarantee from,

a	Union Developers Private Limited
b	Solutrean Building Technologies Limited



(d) Borrower shall make out a good and marketable title to its properties / above properties to the satisfaction of SIDBI and comply with all such formalities as may be necessary or required for the said purpose.

10. **CREATION OF ADDITIONAL SECURITY:** if, at any time during the currency of the loan, SIDBI is of the opinion that the security provided by the Borrower has become inadequate to cover the balance of the loan then outstanding, then, on SIDBI advising the Borrower to that effect, the Borrower shall provide and furnish to SIDBI to their satisfaction such additional security as may be acceptable to SIDBI to cover such deficiency.

11. **SPECIAL TERMS AND CONDITIONS:**

The loan shall be subject to the Borrower complying with the following terms and conditions

(A): Pre-disbursement Conditions (Key Conditions):

Before seeking disbursement of loan from SIDBI, the borrower shall:

1. raise and utilize promoters' contribution of Rs 2858 lakh which shall include additional share capital of Rs 700 lakh and additional interest free unsecured loans of Rs 664.55 lakh and booking advances of Rs 1493.45 lakh on the project. The borrower shall furnish a copy of PAS-3 and SH-7 submitted to RoC alongwith final list of shareholders and CA certificate to the satisfaction of SIDBI. The company will be allowed for proportionate disbursement as per the extant guidelines of SIDBI.
2. furnish an undertaking that it shall not pay any dividend on the equity share for any financial year during the currency of SIDBI loan without prior permission from SIDBI.
3. furnish an undertaking to the effect that the unsecured loan shall be interest free and shall not be withdrawn during the currency of SIDBI assistance. Any other unsecured loans, existing or proposed in the business, shall be subordinated to SIDBI's obligations.
4. open an Escrow Account with a Scheduled Commercial Bank where Grandslam would receive project receivables. The account shall be operated by Grandslam in the usual course of business. However, in case of default, SIDBI can cause the bank to stop the right of Grandslam to operate the account and the balance available in the account shall be utilized as directed by SIDBI. The borrower shall execute and furnish to SIDBI agreement for operationalising the escrow arrangement in which receivables the project (I-THUM Tower B) shall be credited.
5. submit valid building plan approval.
6. take comprehensive insurance of building under construction as well as construction material. Insurance shall be endorsed in favour of SIDBI as loss payee
7. submit duly filed latest Networth Statement of the directors/guarantors, in the stipulated Proforma of the SIDBI, duly certified by CA.
8. furnish a certificate from an architect that the building plan/ design conforms to National Disaster Management Authority (NDMA) guidelines.
9. furnish a certificate from an architect that proposed building plan complies with the ECBC norms.



10. agree that

- a. the disbursement shall be subject to satisfactory credit reports from the bankers of related parties/ group concerns.
- b. disbursement against Preliminary & Preoperative expenses shall be restricted to cost at actual.
- c. The project shall adhere to the National Disaster Management Guidelines
- d. the disbursement of assistance would be subject to satisfactory compliance of observations, if any, made in the concurrent/ credit audit report
- e. 100% of SIDBI assistance shall be utilized towards direct payment of MSMEs. 30% payments could be on reimbursement basis. A list of MSME suppliers will be provided by the borrower to SIDBI which would be certified by a CA for MSME status of the vendors and delivery of the service / product as per bills. Disbursement by way of direct payment to MSME suppliers / reimbursement to borrower shall be made only after receipt of goods / services as certified by CA.
- f. at least 60% of the total space in Tower B shall be created for MSMEs. A CA certificate shall be submitted on completion of project regarding allocation of spaces of MSMEs.
- g. The borrower would disclose in the pamphlets / Brochures etc., the name of SIDBI.
- h. The borrower would append the information relating to mortgage while publishing advertisement of proposed project in newspapers / magazines etc.
- i. The borrower would indicate in their pamphlets / brochures, that they would provide No Objection Certificate (NOC) / permission of the mortgagee bank for sale of area / property, if required.

11. agree that the SIDBI shall issue NoC before sale of units subject to the following conditions,

- a. The sales realization/ booking amount shall be credited to the escrow account.
- b. Furnishing of details of payment received against each unit.
- c. Maintaining of overall ACR of at minimum level of 2.81 at every stage.
- d. Remittance of minimum 75% of the sale proceeds to SIDBI.

12. arrange for title investigation/ valuation of the collateral properties through SIDBI empanelled valuer / advocate, to the satisfaction of SIDBI. The necessary charges in this regard are to be borne by the borrower.

13. create security and furnish guarantee/s as indicated at para IX above.

14. submit copies of all receipts/ invoices/ proof of delivery / challans/ etc. in respect of all machineries / allied machineries / accessories / MFA/ equipment to the satisfaction of SIDBI before seeking disbursements against the items. As far as possible, SIDBI shall release disbursement directly to the suppliers. Disbursement by way of direct payment to MSME suppliers/ reimbursement to Borrower shall be made only after receipt of goods/ services as certified by CA.



15. arrange to furnish undertaking from the main Promoters (i.e. Union Developers Pvt Ltd), that it shall
 - a. maintain, during the period of the term loan, at least 51% holding in the borrower's paid-up equity capital and also retain majority representation on the Board of Directors of the borrower company.
 - b. not abandon the project or allow the borrower company to abandon the project.
 - c. provide the borrower company with necessary managerial and technical expertise to ensure smooth implementation and operations of the project.
16. furnish necessary documentary proof regarding non existence of any overdues/ suit as appearing in CIBIL consumer report against Shri Gurmeet Singh.
17. furnish an affidavit-cum-undertaking that it shall not violate the sanctioned plan, construction shall be strictly as per the sanctioned plan and it shall be the sole responsibility of the executant to obtain completion certificate/ occupancy certificate within 6 months of completion of construction for Tower B, failing which the bank shall have the right to recall the entire loan with interest, costs and other usual bank charges.
18. arrange to furnish declaration from A to Z Amusement Concepts Pvt Ltd, Basant Buildtech Pvt Ltd, Despot Infrastructure Pvt Ltd, Funway Data Coversion Pvt Ltd, G M S Builders and Developers Pvt Ltd, Pegasus Promoters Pvt Ltd, Parv Promoters Pvt Ltd, Raga Business Solution Pvt Ltd, Rana Impex Pvt Ltd, Richa Construction Pvt Ltd, Sun Info Solutions Pvt Ltd, Ulterior Holdings Pvt Ltd and M/s B.R. Kohli that they are not engaged in any type of commercial operations and not availed any credit facilities from any bank/ FI as on Aug 31, 2015.
19. confirm that it has not availed of and will not avail of any assistance from any other scheme or from any other source for the purchase of the proposed assets for which assistance from SIDBI has been sought.
20. furnish an undertaking that the borrower does not have any contingent liability on them. In future, such liability, if any, shall be settled by them without affecting SIDBI's interest.
21. undertake that any cost overrun in the project shall be met out of own resources of the promoters, in case of decrease in cost of project, however, the term loan shall stand reduced by an equivalent amount.
22. submit affidavit from the directors/ Promoters with regard to (i) non-applicability of connected lending provisions, (ii) pending court cases against the applicant/associates, if any and (iii) arrears of statutory dues, if any.
23. furnish/arrange to furnish from promoters and such other person(s) as may be stipulated by SIDBI undertaking(s) for non-withdrawal of share capital, unsecured loans and for meeting the cost of overrun in the project etc. including declaration as regards non pendency of any statutory/tax whatsoever as per the format prescribed by SIDBI.
24. Shall submit partial completion certificate in respect of Tower A.
25. Searches in RBI/ CIBIL defaulter list & Caution Advice revealed name of individual who's names are found to be analogous with Shri Ashok Kumar, Shri Gurmeet Singh and Shri Sandeep Sahni. The borrower shall arrange to furnish affidavit from the individuals regarding their association/ connection



with the name of the individual appearing in the RBI/ CIBIL/ defaulter list & Caution Advice.

26. The borrower shall submit a certificate from its statutory auditor that Rs 822.30 lakh are interest free. The borrower shall furnish an undertaking to the effect that the unsecured loan of ₹ 1486.85 lakh (existing ₹ 822.30 lakh and proposed ₹664.55 lakh) shall be interest free and shall not be withdrawn during the currency of SIDBI assistance.
27. The borrower shall submit permission to mortgage project land situated at A-40, Sector 62, Gautam Budh Nagar, NOIDA, Uttar Pradesh.
28. The borrower shall arrange to furnish report from practicing company secretary based on searches in the registrar of the company i.e. Form MBP 2 & the record with ROC about the status of the loan/ guarantee/ security provided by Union Developers Pvt Ltd and Solutrean Building Technologies Limited.
29. The borrower shall furnish certificate from a practicing company secretary confirming that the Union Developers Private Limited and Solutrean Building Technologies Limited have necessary powers to issue the corporate guarantee under their Memorandum of Association and they have complied with all the provisions of Companies Act, 2013 including the requirement of section 185, 186, 188 and related rules. In case of any discrepancies, compliances for the same may be furnished for providing corporate guarantees.
30. The borrower shall furnish a CA certificate indicating amount incurred as on date along with supporting documents / proof to the satisfaction of SIDBI before each disbursement.
31. The Borrower shall agree that the loan covered under SMILE will not be eligible for any further interest relief under multilateral / bilateral line of credits.

11 (B): Condition linked to subsequent disbursement [beyond 50% of sanctioned amount]:

1. The borrower shall get the valuation of building through SIDBI empanelled valuer/ chartered engineer/ architect in two stages; (i) after 50% of disbursement and (ii) before the release of last 10% of term loan. In the event of final valuation of building, falling short of what has been estimated by SIDBI for the purpose of calculation of security / asset coverage; the borrower shall make good the shortfall in the value of security by offering additional security to that extent or the Loan amount would be reduced suitably. Further, any increase in cost of building shall be met by promoter's own source. The cost incurred in this regard shall be borne by the borrower.
2. The borrower shall submit a certificate from an architect (i) after 50% of disbursement and (ii) before the release of last 10% of loan regarding various stages of construction of building that the construction of the building is strictly as per sanctioned plan.
3. The borrower shall submit a certificate before release of last 15% of loan from ISSTL- India SME service technology limited/ a BEE certified Energy Auditor certifying that at least 15% energy saving has been achieved as compared to other similar buildings.



11 (C): OTHER CONDITIONS

1. The borrower shall submit, on quarterly basis,
 - a. implementation schedule along with proposed expenditure and means of finance
 - b. progress report along with details of expenditure made. Progress report shall be certified by architect of Grandslam and details of expenditure already incurred and means of finance shall be certified by CA firm. Architect shall also certify that the construction of the building is strictly as per sanctioned plan and all the requisite valid approvals are in place.
 - c. CA certified details of advances received by the borrower as per the format prescribed by SIDBI. CA certificate shall be supported by statement of Escrow Account.
 - d. details of allottees along with built up area allotted to each allottee.
2. The borrower shall furnish, within three months from the date of completion of construction, (i) completion certificate and (ii) a certificate from Chartered Engineer, to the effect that the construction is in line with guidelines of NDMA (National Disaster Management Authority), failing to which SIDBI shall have the right to recall the entire loan with interest, costs and other usual bank charges etc.
3. The borrower shall submit a certificate from an architect within three months of completion of the construction that the completion certificate of the building issued by the competent authority has been obtained. A brief profile and experience of the architect shall be attached with the certificate
4. A CA certificate shall be submitted by the borrower on completion of project regarding allocation of space to MSMEs.
5. The borrower shall obtain (i) Occupancy certificate / building use permission from New Okhla Industrial Development Authority (ii) Consent to Operate from UPPCB for the entire project and submit the proof of the same to SIDBI within a period of six months from the date of completion of the construction, failing which SIDBI shall have the right to review and revise the rate of interest at its sole discretion.
6. The borrower shall agree that SIDBI shall have the rights to accelerate the repayment of the term loan in the event of the borrower company's cash flow permitting such accelerations.
7. The borrower shall agree and ensure compliance of the conditions of NOIDA for sale / rent out of the space only to IT / ITES concerns.
8. The borrower shall agree that if any of the major agreement(s) relating to the project is proposed to be modified during the currency of the term loan, which may have a material adverse effect on the project, such amendment shall be made only with the prior permission of SIDBI.
9. The borrower shall keep SIDBI informed of the happening of any event likely to have substantial effect on its cash flow and business with explanations and the remedial steps proposed to be taken within seven days of occurrence of such event.
10. The borrower shall furnish half-yearly certificate from its auditor (as per the format prescribed by SIDBI) before April 30 and October 31 each year during



the currency of the loan, confirming that the unsecured loans brought in by the promoter(s)/promoter group(s)/ partners for meeting the cost of the project have not been withdrawn.

11. In the event of the value of any of the collateral securities offered, falls below the value taken for the purpose of loan eligibility / asset coverage / risk rating etc., the same shall be made good by offering suitable additional collateral security to the extent of such shortfall, if any or the loan would be reduced proportionately.
12. The borrower shall agree that any major change in the management of the borrower company will require prior permission from SIDBI, during the currency of the SIDBI assistance.
13. The borrower shall agree that during currency of financial assistance from SIDBI, Personnel guarantee and corporate guarantee shall not be released.
14. The borrower shall submit to SIDBI duly audited annual accounts and such other reports as may be required by SIDBI from time to time in respect of the borrower company and its associate concerns/related parties.
15. SIDBI shall arrange for fresh title search and valuation in respect of all the immovable properties, given as security to SIDBI, every three years. The charges in this regard shall be borne by the borrower.
16. The borrower shall agree that it shall not grant to its subsidiary / associate concerns(s)/ related parties, without the prior approval of SIDBI, interest free loans or loans at a rate of interest lower than at which the borrower has borrowed funds from SIDBI or any other Bank / Financial Institution.
17. The borrower shall agree that it would maintain the business dealing with its associate/ group concerns purely on commercial terms.
18. The borrower shall not induct a person who is a director/ partner on the Board of a borrower company/firm which has been identified as a willful defaulter in terms of RBI guidelines and that in case such person is found to be within business of the borrower, it would take expeditious and effective steps for removal of the person from its business.
19. The Borrower shall intimate to SIDBI within 30 days of any loans having been granted to its subsidiaries/associate concerns at a rate of interest lower than the rate at which the borrower company/concern has borrowed the funds from SIDBI/its bankers/other financial institutions, failing which SIDBI shall be at liberty to take appropriate action against the borrower.
20. The borrower shall declare that the information and data furnished by the borrower to SIDBI are true and correct.
21. The borrower shall not create any charge, lien or transfer, dispose of or alienate in any manner its assets (charged to SIDBI) without prior written permission of SIDBI, during the currency of the SIDBI assistance.
22. Confirm that no child labor is employed in any of its projects/ offices.
23. The borrower shall arrange to insure the movable and immovable properties (both acquired under the project and offered as collateral security) immediately on completion of the civil construction and on all movable assets. The insurance shall be taken in the joint name of SIDBI and the borrower company and shall include the RIV Clause and Agreed Bank Clause. Following insurance policy shall be taken,



- a. The 'Standard Fire & Special Perils' policy covering the risks of fire, riot, strike, malicious damage, storm, typhoon, flood, inundation and Earthquake.
24. Borrower shall ensure that the project would be fully implemented on or before September 2017. Borrower shall intimate SIDBI in writing regarding delay, if any, in completion of project with reasons. In case of delay, borrower shall also advise SIDBI, in writing, the revised implementation schedule.
25. The Borrower shall agree that all the terms & condition of the earlier term loan of Rs 33.25 crore sanctioned to the borrower by SIDBI apply mutatis-mutandis for the proposed term loan of Rs 26 crore.
26. Exchange of credit information among the Banks/ FIs under Multiple Banking Arrangement: - The Borrower is aware that Small Industries Development Bank of India (SIDBI) is required to exchange, among the Banks/FIs under multiple banking arrangements, the credit information and data relating to the credit facilities availed / to be availed by the borrower from SIDBI. Accordingly, the borrower hereby agrees and gives its consent to SIDBI for exchanging, among the Banks/FIs under multiple banking arrangements, the information and data pertaining to :
- a) the borrower and its associate concern(s)
 - b) Credit facility (ies) availed /to be availed by the borrower and the securities created / to be created / guarantees executed / to be executed in favour of SIDBI to secure due repayment of credit facility (ies);
 - c) irregularities/defaults, if any, committed by the borrower in discharge of it's obligations in respect of the credit facility / facilities;
 - d) any other information and data pertaining to the Borrower and / or its associate concern(s) which SIDBI may deem fit and appropriate to exchange among the Banks/FIs from time to time.
12. Please note that this communication should not be construed as giving rise to any binding obligation on the part of SIDBI, unless the borrower communicates to SIDBI, within 30 days from the date of this LOI that the terms and conditions set out herein are acceptable and unless the loan agreement and other security documents relating to the above facility are executed by the borrower in such form as may be required by SIDBI within 3 months from the date of this LOI or such further time as may be allowed by SIDBI in its absolute discretion

Yours faithfully

S. Muralidharan

(Sivamani Muralidharan)
Asst General Manager



REPAYMENT SCHEDULE

No of inst.	Term loan (Rs lakh)	
	Instal. Amt	Principal repaid
1-12	85.00	1020.00
13-24	70.00	840.00
25- 35	65.00	715.00
36 th	25.00	25.00
36		2600.00

