

Ref No- 8792/Mohkampur/VAAV-SL/2014

Date:22-11-2014

SANCTION LETTER

To

M/s VAAV INFRTECH Pvt. Ltd
Registered office : 553/A-1, Kamla Nagar, Meerut
and its site office address: Khasra No.1775, Sabun Godam, Baghat Road, Meerut.

Dear Sir,

We refer to Loan application of term loan of Rs 4.00 Crores. In this regard, we are pleased to inform you that the competent authority has sanctioned the following facility under exclusive Banking arrangement on the terms and conditions mentioned below:

Credit Facility:-

Facility	Term Loan
Amount	Rs. 400.00 Lacs
Purpose	Construction of 32 residential flats in 6 floors at M No 785, Khasra No 1775, Sabun Godam, Baghat Road, Meerut.
Rate of Interest	BR + 4.00% p.a. i.e. at present 14.25% as applicable to Synd 03 rated borrowers as per cir no 002/2014/BC
Repayment terms	The total loan tenure is 35 months consisting of 19 months of repayment holidays. Loan shall be repaid in 5 quarterly installments of Rs 80.00 lacs each commencing from June 2016 onwards. Interest due shall be serviced on monthly basis (in moratorium period also)
Primary Security	Equitable mortgage of land measuring 2412.98Sq. metres in the name of the company having market value at Rs.682.63lac & realisable value Rs.600.00lac as per valuation report dated 20.07.2014 of M/S Jain & Associates and the construction thereon of 32 flats of various sizes at estimated cost of Rs.804.73lac by M/S Jain & Associates, situated at khasra No.-1775, Sabun Godam, Baghat Road, Meerut
Collateral Security	Nil
Drawdown	In four quarter @ Rs.100.00lac per quarter
Margin	61.75% of the total project cost..Term Loan shall be released only for the construction activity. Proportionate margin shall be brought at each stage of release by the company
Personal Guarantee	Personal Guarantee of all the Directors in their individual capacity
Corporate Guarantee	Nil
Escrow Account	Company to open an escrow and DSR having interest of 6 months account with

Obligors:	No additional Director shall be allowed in the Co. during currency of the loan without prior consent of the Bank.
Project documents	The Co. shall submit all statutory permissions required for the project before release of the loan, in case any such permission to be obtained on completion of the project, the Co. shall submit a suitable undertaking to obtain the same from the concerned department within the permissible time limit.
Upfront fee	NA
Documentation charges/Processing charges CIBIL charges	Processing charges – Rs 500000.00 + Service tax Documentation charges – Rs 25000+Service Tax Mortgage Charges – Rs 15000.00+Service Tax Consumer – Rs 100.00 per director Commercial – Rs 1000/-
Default Interest	2% p a above the sanctioned rate on the overdue amount
Pre-payment penalty	No Pre Payment charges to be levied if pre paid from internal accruals or promoter's contribution or through DSR account.
NOC	The Co. shall seek NOC from the Branch for individual unit residential/commercial before execution of sale deed by depositing proportionate amount in the loan account. The Co. shall also keep informed the Bank about progress of booking of residential/commercial units periodically. In case the flat is being financed by other bank/FI final NOC shall be given on receipt of entire consideration of the flat.

Terms and conditions:

Special Conditions:

1. Certificate from Structure Engineer certifying that the plan is as per the guidelines of National Building Code and National Disaster Management Authority and an undertaking from the firm that they are complying the guidelines of National Building Code and National Disaster Management Authority (Cir.No.364/2013/BC).
2. Fund from Escrow account will be first utilized for settlement of immediate interest and principle due amount to banks.
3. Board to be displayed in the project site stating that project property is financed by Syndicate Bank.
4. Borrower can prepay the loan without prepayment premium out of accelerated sales realization, but without borrowing from another Bank.
5. Cost overrun and debt shortfall / advance sale proceeds shortfall to be met by promoters from its own sources. An undertaking to this effect to be submitted.
6. No additional debt to be taken for this project without the consent of the Banks.
7. Release of Term Loan shall be based on satisfactory physical and financial progress of the project duly certified by empanelled valuer and Chartered Accountant respectively on quarterly basis and shall be in proportion to the progress of construction.

Pre Release conditions:

1. The sanction letter in duplicate shall be issued by the Branch and acknowledgement shall be from the firm/Guarantors for having accepted the sanction terms including creation of securities in favor of bank, execution of documents, and all applicable costs payable as per Circular No. 2/11/BC.
2. The company/Borrower has to submit audited balance sheet as at 31.03.2014 and confirm the figures with the provisional figures submitted by the firm. In case there is delay in submitting audited balance sheet, necessary certificate from Chartered accountant certifying the capital and unsecured loan infused by the firm up to date of release.
3. The company/Borrower has to submit following undertaking from the firm:
 - a. Unsecured loans shall not be repaid during the currency of the credit facility.
 - b. The Company shall undertake not to divert any funds to its associates.
 - c. The Company shall undertake to deal exclusively with our bank for the specified project.
 - d. Company to give an undertaking to the effect that firm and none of the directors of the firm are figuring in the RBI Defaulters List, RBI Willfull defaulters List, SAL of ECGC, CIBIL List and Caution Advice of RBI.
 - e. Not to change the capital structure of directors without the permission of the Bank.
 - f. Not to go for expansion without the permission of the Bank.
 - g. To comply with the provisions of the Company Act.
 - h. That no commission is payable to the guarantors for providing their personal guarantee.
4. The Borrower shall open the escrow account and all the funds will be routed through the account an undertaking is to be obtained from borrower to make payment into the Escrow / Collection account only.
5. Documentation formalities shall be completed. Loan documents shall be forwarded to RO : Meerut Law & Claim Section for vetting. Branch shall ensure compliance observation made in RO: Law Cell vetting.
6. Branch submit Annexure-3 (latest guidelines issued by CO : RMD vide Circular No 009/2012/BC/RMD/02 dated 07.01.2012 and Credit Risk Policy Circular No 02/2013/BC) and submit the point wise compliance of the pre release terms and conditions as stipulated and shall seek permission to release the amount/installment from us.
7. Bank's charge with ROC shall be registered with stipulated time period.
8. Current account with PNB and ICICI bank shall be closed.
9. UREM is to be created as per legal opinion and CERSAI registration shall be done before release of facility.
10. Pre release inspection is to be conducted.
11. Declaration as per Annexure 6 as per new Credit Policy (1/2013/BC) from the borrowers regarding interest of any member of the Board of Directors of the Bank / other Banks or any Senior Officer of our Bank / other Banks in their borrowal accounts.
12. Company will give an undertaking that our Bank will have first right of refusal in case of Housing loan proposal for flats of the captioned Project.
13. Company to submit all copies of necessary approvals obtained after the sanction date.
14. Branch to confirm that all the loans availed from our and other banks in the personal names of the directors are regular.
15. Processing charges, Documentation charges shall be collected as per guidelines in force.
16. Undertaking from the company shall be obtained a sunder
 - a. That the funds shall be utilized only for the purpose specified and shall not be diverted for any other purpose.
 - b. To deal exclusively with our bank for the specified project.
17. Undertaking from the Company for compliance of post release terms and conditions within time stipulated as per cir no 001/2013/BC.

Post Release terms & conditions:

- 1) Branch shall conduct periodic inspection of project as per guidelines and be satisfied about the progress of the project.
- 2) Rate of interest is subject to change from time to time based on change in Base Rate and RAM Rating assigned and also changes in guidelines of the Bank/ RBI.
- 3) All the securities charged to the Bank to be insured adequately with Bank Clause.
- 4) Branch shall maintain DSR account of six months envisaged interest on the balance outstanding from time to time..
- 5) Bank reserves the right to cancel /modify the sanctioned limits and/or the terms and condition thereof without assigning any reason.
- 6) Audited financial statements have to be submitted before the 7 months from the close of financial year. Failure to do so will attract penal interest of 0.50% for the delayed period.
- 7) The company to submit certificate on an Annual Basis confirming all statutory dues including EPF dues have been paid (RBI Circular No. DBS/ CO/ PPD/ 12982/ 11.01.005/2011-12 dated 16.04.2012).
- 8) The Branch shall release the funds as per release schedule ensuring debt equity ratio below 2:1 and TOL/TNW below 4:1 (equity = promoters contribution) at every stage of release of TL.
- 9) The borrower shall be advised to –
 - Make payments to staff, vendors and clients electronically except for office petty cash requirement.
 - Receive all payments electronically except when the cheques are drawn on banks which are not on NEFT/ RTGS.
 - Permit access to officials of the bank / authorized persons of Banks/ auditors to the books of accounts of the borrower to verify compliance of the requirements under (a) & (b) above
- 10) RO/Branch to ensure that all the Agreements which are due for renewal or to be entered into henceforth shall have this condition of 'Electronic Payments' as part of the Agreement.
- 11) Post release conditions shall be complied within the stipulated period as agreed by the Borrower in terms of Annexure I of BC Circular No. 9/2012 and compliance of the same (item-wise) shall be reported to RO for their review.
- 12) All other terms & conditions to this type of advance to be followed as per Manual of instructions and Circulars issued from time to time.
- 13) Term loan shall be specifically released based on the construction at the site after collecting the stipulated margin from the company.
- 14) Branch to visit the site at each stage of release and a report on the same shall be kept with the loan documents.
- 15) Company to submit C.A. certificate for the amount as margin invested by the company.
- 16) Company to submit the certificate of the architect for the amount deployed in the site/project at every stage of release of the facility.
- 17) Branch to submit the project approval of the company for taking up the housing loan proposals.

All other terms & conditions to this type of advance to be followed as per Manual of Instructions and Circulars issued from time to time

CHIEF MANAGER