



भारतीय स्टेट बैंक
State Bank of India
With you - all the way

SME SARVODAYA NAGAR BRANCH
B-13, SARVODAYA NAGAR, KANPUR

Phone: 0512-2212968

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Email: sbi.08971@sbi.co.in

Date: 04/05/2017

M/s Ratan Housing Development Limited,
7/141-A, Swaroop Nagar,
Kanpur

Dear Sir,

ARRANGEMENT LETTER
SANCTION OF CREDIT LIMITS

With reference to your request for sanction of credit facilities, we have pleasure in advising that under noted credit facilities have been sanctioned by the appropriate authority on 29/03/2017:

b. Credit limits (Previous and Current):

Rs. In Cr.

Limits	Previous	Current
Term Loan	35.00	18.18
Corp Term Loan	3.76	3.76
TOTAL FB	38.76	21.94
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TOTAL NFB	0.00	0.00
TOTAL EXPOSURE	38.76	21.94

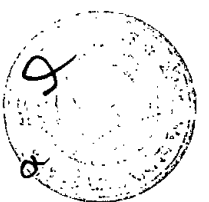
The sanction is valid for three months. Therefore, please arrange for early execution of security documents.

Accepted except our
objection raised vide
our letter dated 17/05/2017
attached herewith.

[Signature]

M/s Ratan Housing Development Ltd.

[Signature]
Managing Director/Director



2. The above credit facilities are subject to the following terms and conditions:

A- SECURITY:

Facility	Primary	Collateral	Guarantee
Term Loan Corp TL	RATAN GALAXY Land and building with all present and future constructions outstanding in the name of Ratan Housing Develop- ment Limited.).	1. Equitable Mortgage of Plot No. : 63/3, Block No.63, Harbans Mohal, Mall Road, Kanpur. 2. Equitable Mortgage of property Plot No. : 7/141-A(3), Swaroop Na- gar, Kanpur. 3. First charge over entire fixed as- sets (present & future) of the com- pany. (other than those covered under EM).	Personal Guarantee of: 1) Mr. Sanjay Khatri 2) Mr. Prashant Khatri 3) Mr. Rajkumar Khatri 4) Mr. Atmaram Khatri 5) Mr. Prahlad Rai Khatri 6) Mr. Hira Lal Khatri 7) Mr. Arjun Khatri 8) Mr. Sunil Khatri

B. ECGC COVER: NA

C. MARGINS: (for each facility as applicable)

	Proposed
RM: Domestic	NA
RM: Imported	NA
SIP	NA
FG	NA
Receivables Cover 60 days	NA
Letter of Credit	NA
BG	NA
TL / DPG	NA
Project LC	NA

D. RATE OF INTEREST:

Facility	CRA	Pricing*
Corp Term Loan	SB-7	3.75% above MCLR (8.00%), i.e. presently 11.75%
Term Loan	SB-7	3.75% above MCLR (8.00%), i.e. presently 11.75%

Ratan Housing Development Ltd.

Managing Director/Director



E. REPAYMENT SCHEDULE:

Corp Term Loan: Repayable in 36 monthly installment of Rs.28.00 lacs starting from April 2015.

Term Loan: Repayable in 5 quarterly installment of Rs.7.00 Cr starting from 4th quarter of FY 2017-18.

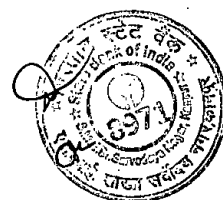
F. OTHER CRITICAL COVENANTS:

Insurance	Stocks/ fixed assets will be comprehensively insure against fire, strikes, riots and civil commotion, malicious damage, burglary and other risks as may be deemed necessary by the Bank. Insurance cover to be preferably taken from SBI General if the rates are competitive.
Processing fees/ upfront fee:	@0.4025% of the working capital limits. Max 36.80 lacs i.e. NIL @1.265% of the Term Loan limit. Min 8.05 lacs i.e. NIL
Commitment Charges	If the average utilization is above 75%: If the average utilization is between 50%-75%: 0.25% p.a to be recovered on entire unutilized portion on a quarterly basis. If the average utilization is less than 50%: 0.50% p.a. on entire unutilized portion on a quarterly basis.
Other Fees/ Charges	(a) Above Rs.5.00 Cr, Local Inspection.: Actual expenses + Rs 10,000/- subject to a minimum of Rs. 30,000/- p.a. along with ST of Rs.15.00% >> EM Charges: Per borrowing entity with Fb limits of above Rs.5.00 Cr- Minimum of Rs.57,500/- (including service tax @15.00%)# >> Documentation Charges: Rs.25,300/-(inclusive of service tax) >> TL Reschedulement charges: @ 0.0575% of the limit i.e. Rs.201250/- #Above charges are applicable for a minimum of 5 recitals only. Beyond 5 recital, Rs.5750/- per recital to be recovered. >> Any other transaction/ approval specific changes as per bank's extant instructions. Creations of securities including documentation, registration of charges and EM of immovable properties as per extant instructions and as stipulated vide this sanction letter before disbursement of proposal loan will be obtained.
CIR of the associates	Credit / Opinion report on prescribed format will be obtained from the present bankers of the associate concerns of the company.
FFR I / II	FFR I is to be submitted quarterly within 6 weeks from the close of a quarter and FFR II is to be submitted half yearly within eight weeks from the close of half year. Non-submission or delay in FFR will attract flat penalty of Rs.5000/- for each day of delay beyond due date for submission.
Inspection	Monthly visits. Frequency and size of inspection may be changed any time at the Bank's discretion.

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Managing Director/Director



<p>Undertakings in terms of Circular No. CPP/SGS/Cir/130 dated 09/03/2012</p>	<p>The company shall provide the undertaking in terms of the draft/standard text given as an annexure to Circular No. CPP/CKG/CIR/40 dated November 13, 2002 to include the following clauses:-</p> <p>1. Consent Clause:- The company shall give consent for the disclosure by the "State Bank of India" of all or any such</p> <p>(a) information data relating to company (b) the information or data relating to any credit facility availed of /to be availed, by the company and default, if any, committed by company, in discharge of their such obligation, as the State Bank of India may deem appropriate and necessary, to disclose and furnish to credit information bureau (India) Ltd. And any other agency authorized in this behalf by RBI.</p> <p>2. Cancellability Clause:- Bank reserves the absolute rights to cancel the limits (either fully or partially) unconditionally without prior notice: a) In case the limits/ parts of the limits are not utilized by the company and/or b) In case of deterioration in the loan accounts in any matter whatsoever, and/or c) In case of non compliance of terms and conditions of sanction.</p> <p>3. CIBIL Clause:- The company shall undertake that: (a) the credit information bureau (India) Ltd. And any other agency so authorized may use, process the said information and data disclosed by the bank in the manner as deemed fit by them; and (b) the credit information bureau (India) Ltd. And any other agency so authorized may furnish for consideration, the processed information and data or production thereof prepared by them, to bank/ financial institution and other credit guarantors or registered users, as may be specified by the Reserve Bank in this behalf.</p>
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Other Critical Covenants		
Standard Covenants	All the standard covenants as detailed vide circular No. . CCO/CPD-ADV/73/2016-17 dated 17.09.2016 will be applicable.	
Basis of valuation	RM	At cost or market value whichever is lower.
	SIP	At RM value plus approx. direct expenses.
	FG	At cost of production/ market value, whichever is lower.
	Book Debts	At book value
		The borrower should also maintain suitable records to evidence the basis of quantification/valuation of raw material, components, stocks in process and finished goods charged to the Bank.
Valuation report & TIR	Valuation report/ TIR on properties mortgaged to Bank will be obtained afresh every 3 years at the cost of the company.	
Opinion Report	Assets & Liabilities statements to be submitted by the guarantors every year to enable the bank to compile and update opinion report on a yearly basis.	
Stock/ Receivable Statement	Monthly by 10th of next month along with details of Book debt. Bank;s extant instruction regarding goods purchased under LCs while calculat-	

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Managing Director/Director



	ing drawing power will be followed. Non receipt of the same shall attract flat penalty equivalent to 1.00% of total FBWC limits for each default.
Submission of Audited Balance Sheet/ Renewal Data	Annually, within 9 months of financial closure. Non-submission of Renewal data, including Audited Balance Sheet will attract penalty of Rs.10,000/- per month of delay.
Certificate of Payment of Statutory Dues	The company shall submit a certificate from the Statutory auditors on an annual basis to the effect that all Statutory dues including EPF dues have been paid by the borrower. This certificate will be obtained annually at the time of submission of Audited Financial Statements by the borrower. In case of new advance, the certificate must be obtained along with the loan application as part of due diligence process and post sanction annually.
Penal rate of Interest	Penal Interest may be chargeable at the sole discretion of the bank and at the rates decided by the bank for any breach or non-compliance of terms and conditions contained in the loan documents, standard covenants, arrangement letter, and subsequent changes if any made by the bank and communicated to the company. Penal interest of 1% will be charged to the company if renewed ECR is not made available to the bank on expiry of current ECR. However, such penal interest will not be more than 3% at any point of time.
Undertakings	<ul style="list-style-type: none"> The company shall provide an undertaking in the form required by the Bank that no consideration has been/ shall be paid to the guarantor(s) in respect of the guarantee executed/ to be executed in favor of the Bank for securing the facilities granted herein. In the event of the estimated profits not being achieved resulting in a shortfall of the projected tangible net worth, the deficit will be made good by introduction of capital.
Documentation/ EM etc	<ul style="list-style-type: none"> Creation of securities including documentation, registration of charges and EM of immovable properties as per extant instructions and as stipulated vide this sanction letter before disbursement of proposed loan will be obtained.
Other important covenants	<ul style="list-style-type: none"> The company will route sales proceeds through its cash credit account with us and while no deviation in this regard is permissible, in case of pro rata sales proceeds not being routed through the account, it would attract penal provisions like penal interest, review of interest rate and concessions at the sole discretion of the bank. If rates are matched/competitive vis-à-vis other players, insurance to be obtained preferably from SBI general. Where the bank charges are to be recovered from the overseas buyers/sellers but are refused by them, charges shall be recovered from the customers. The payment to staff, vendors & clients should be made electronically except for office petty cash requirements. The company should receive all payments electronically except when cheques are drawn on banks which are not on RTGS/NEFT. 100% cash margin will be taken against BG till it is surrendered by the firm.

Ratan Housing Development Ltd.

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Managing Director/Director



	<ul style="list-style-type: none"> Company will submit Compliance Certificate to be signed by its CFO at half yearly intervals certifying that all Terms and Conditions of sanction are being complied with.
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4. Kindly arrange accordingly and return to us (at SME Sarvodaya Nagar Branch, Kanpur) the enclosed duplicate of this letter duly signed by the authorized person of the Company and guarantors in token of acceptance of the terms and conditions along with a copy of the Board Resolution accepting the same. Please also arrange to execute necessary security documents at our SME Sarvodaya Nagar Branch, Kanpur for availing the limits.

Yours faithfully,


CHIEF MANAGER



~~& RELATIONSHIP MANAGER~~

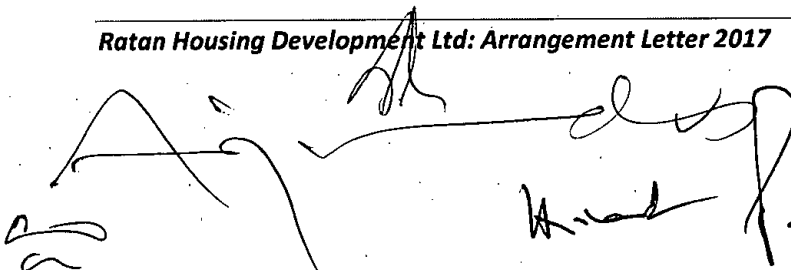
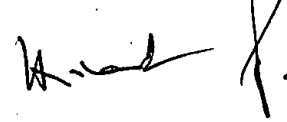
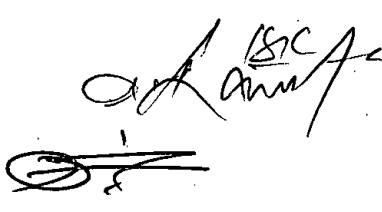
Encl.: i) Bank's other covenants (Annexure-I)

M. Ratan Housing Development Ltd.


 Managing Director/Director

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STANDARD COVENANTS

(For any kind of credit facilities granted to a company; to form part of the sanction letter/documents)

I. Mandatory Covenants :

M1. The borrower should maintain adequate books of accounts, as per applicable accounting practices and standards, which should correctly reflect its financial position and scale of operations and should not radically change its accounting system without notice to the Bank.

M2. The borrower should submit to the Bank such financial statements as may be required by the Bank from time to time in addition to the set of such statements to be furnished by the borrower to the Bank as on the date of publication of the borrower's annual accounts.

M3. In case of default in repayment of the loan/advances or in the payment of the interest thereon or any of the agreed instalments of the loan on due date(s) by the borrower, the Bank and/or the RBI will have an unqualified right to disclose or publish the borrower's name or the name of the borrower/unit and its directors/partners/ proprietors as defaulters/wilful defaulters in such manner and through such medium as the Bank or RBI in their absolute discretion may think fit.

M4. The Bank will have the right to share credit information as deemed appropriate with Credit Information Companies (CICs) or any other institution as approved by RBI from time to time. M5. The borrower should not induct into its Board a person whose name appears in the wilful defaulters list of RBI/ CICs. In case such a person is already on the Board of the borrowing company, it would take expeditious and effective steps for removal of that person from its Board. Nominee directors are excluded for this purpose.

M6. In the event of default in repayment to our Bank or if cross default has occurred, the Bank will have the right to appoint its nominee on the Board of Directors of the borrower to look after its interests.

Cross default will be defined as:

- (a) Default by the borrower to any other bank under Consortium/MBAOR
- (b) Default by the borrower's associate/sister concern/subsidiary to our Bank OR
- (c) Default by the borrower's associate/sister concern to any other bank.

Further, cross default would be deemed to have occurred only in case default to particular lender(s) is not cured within 30 days.

M7. In stressed situation or restructuring of debt, the regulatory guidelines provide for conversion of debt to equity. The Bank shall have the right to convert loan to equity or other capital in accordance with the regulatory guidelines. Further, in such a scenario, the borrower agrees to facilitate the process of conversion of loan to equity or other capital.

M8. Bank will have the right to examine at all times the borrower's books of accounts and to have the borrower's factories inspected, from time to time, by officer(s) of the Bank and/or qualified auditors and/or technical experts and/or management consultants of the Bank's choice. Cost of such inspection shall be borne by the borrower.

M. Ratan Housing Development Ltd.

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Managing Director/Director



M9. After provision for tax and other statutory liabilities, the Bank will have a first right on the profits of the borrower for repayment of amounts due to the Bank (unless expressly permitted otherwise).

M10. The borrower shall keep the Bank informed of the happening of any event likely to have a substantial effect on their profit or business: for instance, if, the monthly production or sales are substantially less than what had been indicated, the borrower shall immediately inform the Bank with explanations and the remedial steps taken and/or proposed to be taken. Further, for listed corporates, the borrower will inform the Bank simultaneously along with Stock Exchange(s).

For the purpose of this covenant, "substantial effect on their profit or business" would mean adverse variance of 5% or more.

M11. Effect any change in the borrower's capital structure where the shareholding of the existing promoter(s) (a) gets diluted below current level or (b) leads to dilution in controlling stake for any reason (whichever is lower), without prior permission of the Bank - for which 60 days' prior notice shall be required. In case of Limited Liability partnerships and partnership firms, "promoters" would mean managing partners for the purposes of this covenant.

M12. The borrower will utilise the funds for the purpose they have been lent. Any deviation will be dealt with as per RBI guidelines and terms of sanction.

M13. Promoter's shares in the borrowing entity should not be pledged to any Bank/NBFC/Institution without our prior consent.

M14. Only for Term Loans (> Rs 50 crores) – Covenants (in relation to the undernoted parameters) (i.e. DSCR, Int. Coverage, FACR, Debt/EBIDTA etc.) are to be stipulated for all term loans and these are required to be tested annually on the basis of Audited Balance Sheet (ABS). Penal interest will be charged in case of breach of any two of the four parameters vis-à-vis values as approved by the sanctioning authority in the sanction note. The penal interest will apply from the day after the date of ABS, and shall continue till the breach is cured.

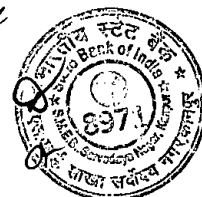
The details are as under:

Parameters	Benchmark for annual testing of financial covenants	Penalty for adverse deviation:	
DSCR	To be mentioned as per sanction note	i) Upto 5%	NIL
		ii) > 5% & upto 10%	25 bps p.a.
		iii) >10%	50 bps p.a.

M15. Each of the following events will attract penal interest/ charges as applicable, at rates circulated from time to time, over and above the normal interest applicable in the account:

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Managing Director/Director



- a. For the period of overdue interest/instalment in respect of Term Loans and overdrawings above the Drawing Power/limit in Fund Based Working Capital accounts on account of interest/devolvement of Letters of Credit/Bank Guarantee, insufficient stocks and receivables etc.
- b. Non-submission of stock statements within 20 days of the succeeding month.
- c. Non submission of Audited Balance Sheet within 8 months of closure of financial year.
- d. Non submission/delayed submission of FFRs, wherever stipulated, within due date.
- e. Non-submission of review/renewal data at least one month prior to due date.
- f. **Non-renewal of insurance policy(ies) in a timely manner or inadequate insurance cover.**

M16(\$). In the event of default, or where signs of inherent weakness are apparent, the Bank shall have the right to securitise the assets charged and in the event of such securitisation, the Bank will suitably inform the borrower (s) and guarantor(s). **In addition, the Bank shall have the right to novate/assign the assets charged.**

M17(\$). The borrower shall keep the Bank advised of any circumstance adversely affecting the financial position of subsidiaries/group companies or companies in which it has invested, including any action taken by any creditor against the said companies legally or otherwise.

Further, for the purpose of this covenant, "adversely affecting the financial position of subsidiaries/group companies or companies in which it has invested" would mean impact on TNW of the particular entity by 10% or more.

(\$) M16 and M17 were earlier Mandatory Negative covenants MN1 and MN15 respectively, now placed under Mandatory set, with some modification.

Ratan Housing Development Ltd.

Managing Director/Director

[Handwritten signatures and stamps are present at the bottom of the page, including a circular stamp of Ratan Housing Development Ltd. with the number 8971.]

II. Mandatory Negative Covenants :

The Borrower(s) shall give 60 day's prior notice to the Bank for undertaking any of the following activities to enable the Bank to take a view. If, in the opinion of the Bank, the move contemplated by the borrower is not in the interest of the Bank, the Bank will have the right of veto for the activity. Should the borrower still go ahead, despite the veto, the Bank shall have the right to call up the facilities sanctioned.

MN1. **Formulation** of any scheme of amalgamation or reconstruction *or merger or demerger*.

MN2. Any New project *or* Scheme of expansion or **Acquisition** of fixed assets if such investment results in breach of financial covenant(s) or diversion of working capital funds for financing long-term assets.

MN3. **Investment** by way of share capital or **Loan** or Advance funds to or Place deposits with any other concern (including group companies). **Further**, such investment should not result in breach of financial covenants relating to TOL/Adj. TNW and Current Ratio agreed upon at the time of sanction.

MN4. **Entering** into borrowing arrangement either secured or unsecured with any other bank, financial institution, company or otherwise or accept deposits which increases indebtedness beyond permitted limits, stipulated if any at the time of sanction. **(This covenant will not be applicable for NBFCs).**

MN5. **Issuing any** guarantee or Letter of Comfort in the nature of guarantee on behalf of any other company (including group companies).

MN6. 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 is subsisting in any repayment obligations to the Bank.

MN7. Create any charge, lien or encumbrance over its undertaking or any part thereof in favour of any financial institution, bank, company, firm or persons.

MN8. Sell, assign, mortgage or otherwise dispose of any of the fixed assets charged to the Bank. However, fixed assets to the extent of 5% of Gross Block may be sold in any financial year provided such sale does not dilute FACR below minimum stipulated level. (Not applicable for unsecured loans).

MN9. **Entering** into any contractual obligation of a long term nature (*i.e. 2 years or more*) or which, in the reasonable assessment of the Bank, **is an unrelated activity and** is detrimental to lender's interest.

MN10. Change the practice with regard to remuneration of directors by means of ordinary remuneration or commission, scale of sitting fees etc. except where mandated by any legal or regulatory provisions.

MN11. Any trading activity other than the sale of products arising out of its own manufacturing operations. (Not applicable in case finance is for trading activity only).

MN12. Transfer of controlling interest or **making** any drastic change in the management set-up **including resignation of promoter directors (includes key managerial personnel).**

MN13. Repay monies brought in by the promoters/directors/principal shareholders and their friends and relatives by way of deposits/loans /advances. Further, the rate of interest, if any, payable on such deposits/loans/advances should be lower than the rate of interest charged by the Bank on its term loan and payment of such interest will be subject to regular repayment of instalments to term loans.



granted/deferred payment guarantees executed by the Bank or other repayment obligations, if any, due from the borrower to the Bank.

MN14(#). Opening of Current Account with another bank or a bank which is not a member of consortium/MBA. For credit facility(ies) under sole banking arrangement, borrower shall confine entire business with financing bank. Further, in respect of credit facilities under consortium/MBA, the borrower agrees to offer to the Bank (on a right of first refusal basis) at least pro rata business relating to remittances, non-fund based transactions including LCs/BGs, bills/cheque purchase, Forex transactions and any interest rate or currency hedging business, Merchant Banking, IPO/FPO, Capital market transactions, Cash Management Product, Vehicle Loan etc.

MN15(*). Payment of commission to the guarantor(s) for guaranteeing the credit facilities sanctioned by the Bank.

(#) Earlier, MN16, with some modification.

(*) New Mandatory Negative covenant.

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Managing Director/Director

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