



FINANCIAL HOLDINGS

Date: June 30, 2019

SANCTION LETTER

To
Solid Properties Pvt Ltd,
801, Surya Kiran building,
KG Marg, New Delhi – 110 001.

Kind Attention: Mr. Pankaj Goyal

PRIVATE AND CONFIDENTIAL

Dear Sir,

Re: Financial Assistance of INR 75 Crores

We, **ASK Financial Holdings Private Limited** (herein after referred to as "**the Lender/ Arranger**") are pleased to inform **Solid Properties Private Ltd** (herein after referred to as "**the Borrower/ Issuer**") that the Lender has agreed to subscribe to the debenture issue by the Borrower subject to the terms and conditions contained in the respective Debenture Trust Deed to be executed between the Lender and Borrower together with the Schedules contained thereunder and all other Transaction Documents that the Lender may from time to time stipulate.

Specific terms and conditions in addition to the terms and conditions of the Debenture Trust Deed applicable to the debenture issue are detailed in the Annexure to this letter.

This letter and the Annexure hereunder are intended for your guidance and information. Any legal relationship will be evidenced by documentation, which will be prepared following your acceptance of the offer. Please note that at such time the contents of this letter shall form an integral part and shall be read in conjunction with the Transaction Documents.

We assure you of our best services at all times.

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ASK Financial Holdings Pvt. Ltd.

Regd. Office: Birla Aurora, Level 16, Office Floor 9, Dr. Annie Besant Road, Worli, Mumbai - 400 030

+91 22 6652 0000 +91 22 2432 5620 / 2436 0944 • www.askfinancials.com • CIN No. U74999MH2010PTC199927

Annexure

Key terms of the Instrument to be accepted by the Issuer within 30 days from the date of this letter:

PARTIES	
Issuer	Solid Properties Private Limited ("SPPL")
Guarantors	Express Projects Pvt Ltd ("EPPL"), Mr Pankaj Goel, Mr Vinay Goel
Promoter Group	Express group
Investor / Debenture Holder	ASK Financial Holdings Private Limited ("ASKFH") and such other party as advised by ASKFH
Eligible Investors	Banks, Financial Institutions, Insurance Corporations, Mutual Funds, Non-Banking Financial Companies, Corporate Investors and any other investors who are permitted to invest in the Debentures. Only the Eligible Investors, when specifically approached, are eligible to apply for the Debentures.
Debenture Trustee	Catalyst Trusteeship Limited
Legal Counsel	J. Sagar Associates
Registrar and Transfer Agent	NSDL Database Management Limited
INSTRUMENT DETAILS	
Type of Instrument	Senior, Secured, Redeemable, Taxable, Rated, Listed Securities in the form of Non-Convertible Debentures (the "Debentures" or "NCDs")
Mode of Issue	Private placement
Listing	Proposed on the Wholesale Debt Market (WDM) segment of BSE Limited
Rating of the Instrument	To be rated by External Credit Rating Agency prior to issuance of first tranche of NCDs and at annual intervals thereafter
Issue Size	Up to Rs. 75 crores
Project	Express One It is a residential project located at Vasundhara, Ghaziabad with a saleable area of 4,58,820 sq ft to be developed by SPPL.
Objects of the Issue / Utilization of the Proceeds	Issue proceeds will be utilized towards reimbursement of project cost incurred by the Issuer (upto Rs.10 cr) as well as meeting the construction and other expenses for development of the Project. Funds raised from the issue shall not be directly or indirectly utilized in any manner that would violate RBI Guidelines, Companies Act 2013 or any other provisions of applicable Law or regulations.

	The issuer shall adhere to all regulations as may be applicable for NCDs specified by RBI / and or any other Regulatory agency Issuer to submit an Undertaking confirming the same, prior to the issue of each tranche of NCDs.
Issue in tranches	The NCDs will be issued in multiple tranches linked to stage of construction .At the discretion of the debenture trustee, the number of tranches and the amount of each tranche may be determined depending on the fund requirement as the project progresses
INSTRUMENT SPECIFIC DETAILS	
Tenor	36 months, from the date of issue of Tranche 1 of NCDs
Face Value	Rs 10,00,000/- (Rupees Ten Lakhs Only) per instrument
Record Date	15 days prior to each Coupon Payment / Put Option Date / Call Option Date / Redemption date.
Redemption	Bullet repayment at the end of tenor.
Coupon	10% per annum
Default Interest	14% p.a. over and above the existing Coupon, during the defaulting period
Coupon Payment Frequency	Coupon is payable at the end of first year from the date of issue of Tranche 1 and semi-annually thereafter
Coupon Type	Fixed
Fees	1.0 % payable upfront on the entire issue size
Redemption Premium	to be paid at the end of Tenor such that the XIRR is 16% to the investors
Prepayment Penalty	<ul style="list-style-type: none"> 2.5% on the prepayment amount until a period of 12 months from the date of first issuance and no prepayment penalty thereafter Any prepayment through sales proceeds will not attract any penalty, such prepayments will be adjusted towards NCD principal in 7 working days.
SECURITY DETAILS	
Security	<p>The</p> <ul style="list-style-type: none"> including the receivables (including sale proceeds, advances, parking charges, all proceeds received by SPPL, any other receipts, etc.) of the Project from sold & unsold units from the total saleable area of 4,58,820 sq ft; Exclusive charge on the escrow account; Non- disposal undertaking on entire shareholding Undated cheques from the Issuer and the Corporate Guarantor <p>Security shall be created upfront and perfected within 30 days from issue of Tranche 1.</p>



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	<p>Security cover of 1.5x to be maintained throughout the tenor of NCDs.</p> <p>If Security Cover falls below 1.5x of the outstanding NCD amount, Issuer shall, compulsorily part redeem the Instrument and / or provide additional Security, acceptable to the Investor, to restore Security Cover to/ above 1.5x, within 30 days.</p> <p>Issuer to submit original Title Deeds of the Project to the Debenture Trustee prior to issuance of Tranche 1.</p> <p>Security shall be valued by independent valuer, acceptable to the investor, prior to issuance and at annual intervals thereafter throughout the tenor of the NCDs.</p>
Corporate Guarantee	<p>Unconditional and irrevocable Corporate Guarantee of EPPL</p> <p>Company Secretary of Corporate Guarantor / Issuer to confirm compliance with Section 185 and 186 of Companies Act of 2013 to the satisfaction of the Lender, prior to issuance of Tranche 1 and yearly thereafter.</p> <p>Corporate Guarantee, as above, to be obtained prior to issuance of Tranche 1.</p>
Personal Guarantees	<p>Unconditional and irrevocable Personal Guarantees of:</p> <ol style="list-style-type: none"> 1. Mr Pankaj Goel and 2. Mr Vinay Goel <p>Personal Guarantees, as above, to be obtained prior to issuance of Tranche 1.</p>
Transaction Documents	<p>Inter alia:</p> <ul style="list-style-type: none"> • Debenture Trust Deed; • Debenture Trustee Appointment Agreement; • any other document that may be designated as a transaction document by the Investor / Debentures Trustee. <p>The Issuer/ Guarantors shall confirm that all Transaction Documents shall reflect the terms and conditions mentioned herein.</p>
Conditions Precedent to Tranche 1	<p>The Issuer will provide documents in form and substance satisfactory to the Investor / Debentures Trustee, including but not limited to:</p> <ul style="list-style-type: none"> • All applicable internal and external approvals for the Issue and resolutions passed by the Board of Directors, Shareholders of the Issuer, Amendment in AOA, MOA; • All consents, authorizations and approvals (both statutory and regulatory) pertaining to the Issue, including but not limited to those under the Companies Act 2013 and the SEBI Debt Regulations as applicable. • Submission of rating letter for the Instrument • Undertaking from Issuer that: <ul style="list-style-type: none"> ◦ The issue proceeds will be utilized only for purpose for which it is sanctioned and as per RBI guidelines;

	<ul style="list-style-type: none"> ○ There is no continuing Event of Default occurred by Issuer and, or its group companies; ○ There are no outstanding statutory dues ○ All representations and warranties are true and accurate; ○ There is no material adverse effect and there are no circumstances existing which could give rise, with the passage of time or otherwise, to a material adverse effect; ○ The issuer/ its directors do not appear on RBI/CIBIL defaulter list or SAL of ECGC; ○ The Promoters will infuse additional equity in the Project to bear the cost overruns, if any or shortfall in advances from sales to fund the project cost, interest and principal payments due under the issue. ○ The Issuer will comply with the National Building Code (NBC) formulated by the Bureau of Indian Standards as well as the National Disaster Management Authority (NDMA) guidelines to the extent applicable. <ul style="list-style-type: none"> • Satisfactory Financial Due Diligence, Technical Due Diligence and Legal Due Diligence report • Signed Business Plan for the Project • No Dues Certificate from HDFC Ltd towards loans backed by Project assets • List of original title documents released by HDFC to be handed over to officials authorized by ASKFH and to be verified by legal counsel • Sanction Letter for revised building plans along with demand notice from authority and Environmental Clearance for the Project • Confirmation from independent agency confirming the building plan and EC are in line with the project specifications • Details of debt repaid/ prepaid through proceeds from sales of commercial land, as requested by the Investor • Copy of the duly acknowledged application filed to obtain permission and certified true copy of the certificate issued by the relevant tax authority granting permission under Section 281 of the Tax Act in respect of the Security to be created by the issuer or a Certificate from a Chartered Accountant certifying that there are no pending proceedings or outstanding demands and there is no likelihood of any proceedings or demand or claim in relation to the issuer and the Promoters arising in the next 6 (six) months • CA certificate towards project cost incurred • Project Architect certifying that the project comply/will comply with the NBC guidelines, NDMA guidelines and any other local guidelines to the extent applicable
OPTION DETAILS	
Put Option	Put option that can be exercised by the investors from the date of issuance of tranche I at the end of 24 th month.

OTHER DETAILS	
Escrow Mechanism	<p>Issuer to open, establish and maintain separate Collection, RERA and Escrow Account. All proceeds / advances / internal accruals received from the sale of part / entire Project shall be immediately deposited into the designated Collection Account and then transferred in the ratio of 70:30 in the RERA Account and Escrow Account respectively.</p> <p>The funds released from the RERA Account, as per the periodic certificates in compliance with the State RERA guidelines, should be directly transferred to the Escrow Account.</p> <p>Withdrawals from the Escrow Account, till the full repayment of the Instruments, to be permitted for the following purposes and in the following order:</p> <ol style="list-style-type: none"> 1. Overdue interest, 2. 30% of the balance collections (after servicing any overdue interest) to be accumulated until an amount equivalent to the next interest payment due is collected, and 3. Project development expenses subject to the agreed business plan and capped cost as defined below. <p>Any surplus/ balance funds would be utilized towards redemption of debentures along with redemption premium.</p> <p>Issuer shall not take out any of the sales proceeds of the Project until the NCDs are fully redeemed.</p> <p>Debenture Trustee will have a right to revise the waterfall mechanism for utilization of sales collections, as deemed fit, in the interest of the debenture holders.</p>
Capped cost	<p>Construction cost should be capped at Rs.2,360 psf (incl GST) of saleable area or Rs.108 crore, whichever is lower, administrative expenses to be capped at 5% of the construction cost and marketing expenses to be capped at 6% of sales.</p> <p>Any escalation to the "Capped Cost" shall be brought in by the Promoter group through their own sources.</p>
Ownership Covenants	<p>Express Group to hold 100% shareholding and management control in SPPL and EPPL.</p> <p>Any change in the shareholding holding and management control in SPPL and EPPL will require prior approval of the Debenture Trustee.</p>
Financial Covenants	<p>The Issuer shall ensure that the following Financial Covenants are maintained throughout the tenor of the NCDs.</p> <ol style="list-style-type: none"> 1. Minimum Security cover of 1.50x (Security value / Outstanding debt) 2. Minimum Receivable cover of 1.5x [to be calculated as follows: Sold Receivables + Unsold Receivables from the project valued at average sales price of last 10 units sold or minimum

	<p>stipulated price, whichever is lower (-) Balance project cost excluding finance cost / Outstanding debt (+) Balance finance cost]</p> <p>3. No further debt can be availed on the subject Project</p> <p>4. Additional debt, over and above the NCDs, in the books of the Issuer should not exceed Rs.75 cr at any point in time</p>																																																												
Performance Covenants	<p>Minimum Sales and Collections from the Project:</p> <table><tr><th>Period from the first issuance</th><th>Cumulative area to be sold in each quarter (sq ft)</th><th>Avg Sales price to be achieved in each quarter (Rs.psf)</th><th>Cumulative Collections (Rs. Cr)</th><th>Cumulative Construction Cost Incurred (Rs. Cr)</th></tr><tr><td>Q1</td><td>-</td><td>-</td><td>-</td><td>5</td></tr><tr><td>Q2</td><td>-</td><td>-</td><td>-</td><td>11</td></tr><tr><td>Q3</td><td>-</td><td>-</td><td>-</td><td>16</td></tr><tr><td>Q4</td><td>22,086</td><td>5,000</td><td>2</td><td>22</td></tr><tr><td>Q5</td><td>44,172</td><td>5,000</td><td>4</td><td>28</td></tr><tr><td>Q6</td><td>66,258</td><td>5,000</td><td>8</td><td>35</td></tr><tr><td>Q7</td><td>88,334</td><td>5,000</td><td>14</td><td>41</td></tr><tr><td>Q8</td><td>110,430</td><td>5,000</td><td>22</td><td>48</td></tr><tr><td>Q9</td><td>132,516</td><td>5,000</td><td>31</td><td>56</td></tr><tr><td>Q10</td><td>163,436</td><td>5,000</td><td>45</td><td>65</td></tr><tr><td>Q11</td><td>194,357</td><td>5,000</td><td>61</td><td>74</td></tr></table>	Period from the first issuance	Cumulative area to be sold in each quarter (sq ft)	Avg Sales price to be achieved in each quarter (Rs.psf)	Cumulative Collections (Rs. Cr)	Cumulative Construction Cost Incurred (Rs. Cr)	Q1	-	-	-	5	Q2	-	-	-	11	Q3	-	-	-	16	Q4	22,086	5,000	2	22	Q5	44,172	5,000	4	28	Q6	66,258	5,000	8	35	Q7	88,334	5,000	14	41	Q8	110,430	5,000	22	48	Q9	132,516	5,000	31	56	Q10	163,436	5,000	45	65	Q11	194,357	5,000	61	74
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	<p>The data is to be monitored quarterly. In case of the breach of performance covenants by more than 20%, Borrower or the Promoters need to fund the shortfall in sales, collections and construction within 45 days from the end of the quarter.</p> <p>No deviation will be allowed on the minimum selling price stipulated.</p> <p>Deviation of 20% will be allowed only for the first 24 months from the date of issue of tranche 1.</p>																																																												
Other Covenants	<p>a) Project to be registered with RERA within 6 months from date of issue of Tranche 1.</p> <p>b) All Approvals of the Project to be received within 6 months from the date of issue of Tranche 1.</p> <p>c) Project to be launched for sale within 9 months from the date of issue of Tranche 1.</p> <p>d) The Issuer shall provide end use certificate by a practicing Chartered Accountant along with copies of all relevant bank account statements, confirming the same within 30 days from the date of allotment of each Tranche of NCDs.</p>																																																												

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	<ul style="list-style-type: none"> e) Any unsecured loans/deposits/advances in the borrower from the Promoters/their group companies to be subordinated to the NCDs and will not be repaid from the receivables of the Project during the currency of the Debentures. f) Issuer will not provide any unsecured loans/ deposits/ advances/Guarantee to the Promoters and their Group Companies (from the receivables of the project). g) Issuer will not declare any dividend or pay out any management fees or interest on unsecured loans/deposits/advances from the receivables of Project. h) Group debt cap: Rs.500 cr i) Issuer will not undertake any merger, demerger or amalgamation without approval from the Debenture Trustee/ Debenture Holders. j) The Debenture Holders shall have the right to ask for fresh valuation of the Security to be done, in the event of any material event, which in the opinion of the Debenture Holders can breach the stipulated cover or adversely impact the valuation. k) Issuer shall create Debenture Redemption Reserve as per applicable regulations. l) Debenture Trustee / Debenture Holders will have the right to share credit information as deemed appropriate with CIBIL or any other institution as approved by RBI from time to time. m) Issuer to send letters/demand notices to all buyers of the units in the Project that all the payments in respect of the Project to be made in Collection Account only. Sale Agreement / Agreement to Sell / Demand Letter will contain the clause that all payments in respect of the sale of the flat are to be made directly into the designated Collection Account. n) NOC for sale of each unit of the Project, to be provided by Debenture Trustee subject to maintenance of minimum stipulated Cover and compliance with all terms of Issuance of the Instrument. o) Issuer to submit the Project construction status, approvals status, cost incurred under each head and their source of funds at the end of every quarter. p) The Issuer shall provide monthly Sales MIS of the Project including details of units sold, date of booking, name of the purchaser, area, tower, unit type, total consideration bifurcated as base price and other charges, amount already received, balance amount to be received. q) Issuer would disclose in the Pamphlets / Brochures etc., the name of Debenture Trustee to which the property is mortgaged. r) Issuer would append the information relating to mortgage while publishing advertisement of the Project in newspapers / magazines etc.
Information Undertaking	<ul style="list-style-type: none"> a) The Issuer shall provide audited annual accounts for every Financial Year within 180 days from the date of financial closure of a Financial Year; on both standalone and consolidated basis in case applicable

	<ul style="list-style-type: none"> b) Details of any material litigation, arbitration or administrative proceedings c) Notice of any change in authorised signatories of the Issuer with respect to the NCDs to the Debenture Trustee. d) To provide information pertinent to a credit assessment of the Issuer by the Debenture Holders in a timely fashion. This information will include, but not limited to, latest financial information, rating letter and rating rationale, copies of the resolutions authorizing the borrowing and the latest company profile e) Other information as agreed between the Debenture Trustee/ Debenture Holders and the Issuer
Material Adverse Effect	<p>Material Adverse Effect shall mean the effect or consequence of an event, circumstance, occurrence or condition which, in the sole opinion of the Debenture Holders, has caused, as of any date of determination, or could reasonably be expected to cause a material adverse effect on</p> <ul style="list-style-type: none"> 1. the financial condition, business or operation of the Issuer and / or Promoter Group, or 2. the ability of the Issuer and / or Promoter Group to perform their respective obligations hereunder or under any Transaction Documents, or 3. the legality, validity, binding nature or enforceability of any of the Transaction Documents;
Events of Default	<p>Events of default, including but not limited to the following:</p> <ul style="list-style-type: none"> ▪ Failure to pay amounts due under the Issue on the relevant due date by the Issuer; ▪ Failure to create Security or execute any post issuance documents within the stipulated timelines ▪ Failure to comply with any Financial Covenants / Security Covenants / Ownership Covenants / Performance Covenants / Escrow mechanism ▪ Any adverse revision/ restatement of the Issuers financial statements ▪ Failure to comply with Government Regulations and RERA regulations ▪ Insolvency, reorganization, liquidation, suspension of payment of debts, winding up, illegality, cessation of business by the Issuer or any other group entities; ▪ Illegality, cessation of business of the Issuer or any other group entities ▪ Any major change in the nature or scope of the Project, approved Building Plans or Master Plan without prior approval of the Debenture Trustee ▪ Security in jeopardy ▪ Bankruptcy proceedings filed with respect to the Issuer or any other group entities ▪ Breach of any of the terms of the Transaction Documents by the Issuer ▪ Breach of any terms and conditions of the Instrument within the stipulated timelines if any ▪ Breach of any Representations and Warranties ▪ Nationalization or expropriation of any of a substantial part of the assets of the Issuer; ▪ Non-maintenance or avoidance of Insurance ▪ Occurrence of Cross Default

	<ul style="list-style-type: none"> Revocation of operating licenses and regulatory and other authorizations and approvals in case of Issuer Any event or series of events occurs which, in the opinion of the Debenture Holders, might have a Material Adverse Effect; It is or becomes unlawful for the Issuer to perform any of its respective obligations under the Debenture Documents, or if the Transaction Documents or any part thereof ceases, for any reason whatsoever, to be valid and binding or in full force and effect. Issuer repudiates a Debenture Document to which it is a party or evidences an intention to repudiate Debenture Documents to which it is a party <p>Immediately upon occurrence of any Event of Default, the Debenture Trustee shall bring it to the notice of the Debenture Holders.</p> <p>The Debenture Holders shall have the right to instruct the Debenture Trustee to take all actions as may be specified under Consequences of Event of Default.</p>
Cross Default	Default by the Issuer or any of its group companies on any of their financial indebtedness shall constitute a default under this Instrument also.
Consequences of Event of Default	<p>The consequences of default will, include but not be limited to the following:</p> <ul style="list-style-type: none"> Acceleration of all outstanding dues under the NCDs, cancellation of total Issue and enforcement of Security; To transfer assets of the Mortgagor comprised within the Security created in favour of Debenture Trustee or such other person by way of lease, leave and license, sale or otherwise. Any surplus realized from the transfer of assets after fulfilment of all the obligations of the Issuer under the Issue shall be paid to the Issuer; Enforce its right under the Transaction Documents; Appropriate any amount in the Escrow Accounts and utilize it for payment/repayment of any amount outstanding under the Issue; Charge Default Interest. It is clarified that the default interest shall be charged from the date of occurrence of Event of Default irrespective of the same being declared by the Debenture Holders(s) till such date the default subsists. <p>Any cost incurred on any of the above shall be borne by Issuer</p>
Insurance	The Issuer shall keep the Project and its interests adequately insured at all the time during the tenure of the NCDs. All the insurance policies shall carry usual endorsement clause, endorsing the same in favour of the Debenture Trustee as 'loss payee'.
Inspection	As per the Investors instructions and requirements; Costs to be borne by the Issuer
Cost and Expenses	All costs and expenses related to the Issue, including but not limited to legal counsel fees, stamp duty, Debenture Trustee fees, R&T Agent charges etc will be borne by the Issuer



FINANCIAL HOLDINGS

Confidentiality	The Term Sheet and its content are intended for the exclusive use of the issuer and shall not be disclosed by the issuer to any person other than the Issuer's Legal Advisors for the purposes of the proposed transaction unless the prior written consent of Arranger is obtained
Taxation	All taxes as per law excluding Income Tax, as and when applicable on the Issue from time to time shall be borne by the Issuer

For ASK Financial Holdings Pvt Ltd

Authorised Signatory

Accepted by;

Authorized Signatory
Solid Properties Pvt Ltd

