

Punjab National Bank
Mid-Corporate Branch
Brady House, Fort, Mumbai-400 023.
(Phone-2204 3352, 2204 9448, Fax-2204 9294)

MCB/CVR/2005

6.11.06

Gopani Iron & Power India Pvt. Ltd.
Uttam House
Office No. 2, Ground Flr.
P.D'Mello Road,
Carnac Bunder, Mumbai-400 009

Dear Sir,

Reg: Request for sanction of Term loan for Rs 45 for expansion.

We are please to inform you that our authorities have sanctioned fresh Term Loan of Rs.45 crore for setting up of MS Billets Castings and 15 MW Power Projects at a cost of Rs.97 crore with debt component of Rs.65 crore. Detailed terms and conditions are enclosed.

Additional conditions:

- # 1. Term Loan to be released after full tie up of the debt.
2. The term loan would be released in proportion to promoters' contribution as release by UBI and after obtaining certificate from the company's auditors. The certificate for promoters' contribution to be submitted with every disbursement and loan would be release after verification of end-use of the previous disbursement.
- # 3. The Company shall submit the MOU entered with the consultants/supplier to the Bank for verification of final cost of plant, terms of supply and project implementation schedule. The bank shall thereafter work out the release of term loan as per the debt drawl schedule submitted by the company in line with project implementation schedule.
4. Release of term Loan shall be done on the basis of progress achieved and completion certificate issued by the Consultants duly accepted by the company.
5. Branch shall monitor the progress from time to time in terms of project implementation/ debt drawal schedule submitted by the company.
- # 6. The Company to open a project account at BO: Brady House from where the entire disbursement of loan will take place including the inflow of promoters capital/unsecured loans and internal cash accruals. The Cash flow in the account shall be monitored as per the project implementation schedule and fund mobilization schedule to be furnished by the company.

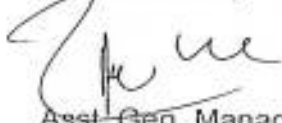
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7. Any cost over-run in the project cost shall be met by the company from its own source.
- # 8. Before disbursement of loan, the company to obtain all statutory approvals viz. pollution control, stake height clearance, water linkages/approval from State Govt., requisite power connection.
- # 9. The Company to engage competent team of professionals to look after day to day affairs of the plant to the satisfaction of bank.

Thanking you,

Yours faithfully



Asst. Gen. Manager



TERMS AND CONDITIONS OF CREDIT FACILITIES
M/s. Gopani Iron and Power India P. Ltd.

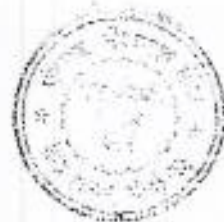
FACILITY: TERM LOAN

- Amount : Rs.45 Cr. (Rs.forty five crores)-Fresh
- Margin : 33%
- Moratorium : 3 years
- Repayment : To be repaid in 32 quarterly instalments of starting from Oct. 2009. Interest to be serviced as and when charged.
- Interest : BPLR + 0.50 (term pernia)-1%(presently 11% pa)
- Security : 1st pari passu Charge on block assets of the company by way of Hypothecation of Machinery and equipment & other fixed assets and EM of land and building.
- Insurance : The borrower shall get the above assets insured against all risks at their own cost with usual bank clause. A copy of the insurance policy will be kept on bank's records also.
- Disbursement : The payment shall be made directly to the suppliers as far as possible. Original bills/ cash memos in the joint names of bank and the company for all the fixed assets/ machinery financed by bank shall be submitted by the borrower and to be placed on bank's record. TL will be released in stages as per physical progress of the project.
- Documentation Fee: Rs.25,000/-

Upfront fee : 1% on Term Loan account i.e Rs. 45 lakh

OVERALL TERMS AND CONDITIONS (FOR ALL THE FACILITIES):

1. The TL shall be collaterally secured by way of first pari-passu charge on the existing entire fixed assets of the company amounting to Rs.43.00 crore (Net Block as per ABS as at 31.3.2006).
2. TL shall carry Personal Guarantee of Sh. Gunwant Gopani, Sh. Jignesh Gopani and Corporate Guarantee of Gopani Ind. P. Ltd.
3. Borrowers/Lenders' Engineers shall submit Quarterly Implementation schedule which should match with the appraisal note and Quarterly Progress Report be submitted to keep apprise the Bank with the progress of the project and to satisfy the bank's officials about end use of funds and timely implementation of the project within the approval.
4. The progress in implementation of the project will be monitored/reviewed by the Bank on quarterly basis and necessary corrective steps will be got initiated, if required, from time to time specially in case of time and cost run-overs. The borrower shall facilitate the bank for compliance of the above.



5. Repayment default: Penal interest @ 2% over and above the normal rate to be recovered for the account/period of default.

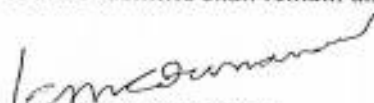
- # 6. Bank's name plate, evidencing, hypothecation of security/asset to be prominently displayed where the securities charged to the bank are kept.
7. Escalations: The borrower shall meet such costs, if any, from its own sources and shall not ask for any additional term loan from the bank.
- # 8. Our Term Loan shall be released only after the funds for the project are fully tied up.
9. The promoters should bring in their contribution as projected in the means of finance.
10. The unsecured loans shall be subordinated to our Term Loan.
11. Before disbursement of Term Loan, it should be ensured that all necessary statutory and other approvals/permissions including from Pollution Control Board, have been obtained by the company.
12. Borrower to undertake to meet any cost over run in the project (irrespective of reasons) from its own long term sources.
13. The borrower shall deal with our bank/consortium banks exclusively, shall not open current account/s with any other bank without our prior permission and shall route all sale transactions through accounts. The borrower's entire business relating to their activity including deposit, bills, foreign exchange, merchant banking etc should be restricted only to the financing banks and routed proportionately if it is a consortium account.
14. No commission to be paid by the borrowers to the guarantors for guaranteeing the credit facilities sanctioned by the Bank to the borrowers. An undertaking to this effect to be obtained from the borrowers as well as guarantors.
- # 15. The borrower to furnish to the branch the required financial information, on the prescribed proforma, within 30 days/or within the specified period, as specifically permitted, to enable the branch to submit PMS report to the Bank's higher office.
16. The borrower shall not undertake expansion/diversification/modernization without obtaining prior permission of the bank and without proper tie-up of funds. Similarly, no investment shall be made in associate/allied/group concerns without prior bank permission.
- # 17. Friends/relatives from whom the unsecured long term loans have been raised shall provide an undertaking that they shall not withdraw these loans during the currency of the bank loan and the borrower shall undertake not to allow their withdrawal without prior permission of the bank.
18. Monies brought in by principal shareholders/directors will not be allowed to be withdrawn without the Bank's permission.
- # 19. The Bank or its authorized officials or other representatives will have the right to carry out periodical inspection or examine the books of accounts of the borrower and to have their factories/offices/assets inspected from time to time by officers of the Bank and/or outside consultants and the expenses incurred by the Bank in this regard will be borne by the borrower.

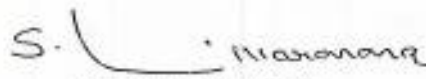


20. The Bank shall have the right to withdraw or modify all/any of the sanction, conditions or stipulate fresh conditions, under intimation to the borrower. Borrower shall undertake to give their acceptance to these stipulations.
21. Bank's charge over primary/collateral securities wherever applicable to be got registered/modified with ROC within the stipulated period of 30 days, as per requirements of Companies Act, and certificate of registration of charge to be obtained and kept on record.
22. Search Report shall be obtained every year and/or on each registration/modification of charge and cost in this respect to be borne by the company.
23. In case the company commits default in the repayment of loan/advance or in the payment of interest thereon or any of the agreed instalments of the loan on due date, the bank, CIBIL and/or Reserve Bank of India will have an unqualified right to disclose or publish the names of the company and its directors as defaulters in such manner and through such medium as the bank/RBI in their absolute discretion may think fit.
24. During the currency of bank's credit facilities, the borrower shall not, without the prior approval of the Bank in writing:
- Declare dividends for any year, if the account(s) of the borrower with the Bank is/are running irregular or if any of the terms and conditions of the sanction remain un-complied with by the borrower.
 - Permit any transfer of the controlling interest or make any drastic change in the management set up;
 - Divert/utilize Bank's funds to other sister/associate/group concerns or for purposes other than those for which the credit facilities have been sanctioned;
 - Issue Bonus shares and dispose of share holding of promoters wherever specifically stipulated.
25. Margins/rates of interest are subject to revision from time to time at the sole discretion of the Bank.
26. The Bank shall charge penal interest under the following circumstances:
- Default in repayment of Term Loans/DPG instalments.
 - Non-submission/delayed submission of quarterly financial information for PMS report after 30 days from the close of the quarter concerned.
 - Default in observance of borrowing covenants/terms and conditions of the sanction.
 - Any other eventuality/situation to be decided by the bank.
27. The borrower shall execute all necessary legally enforceable loan documents, as per bank's guidelines. Documents will be drafted//vetted by banks' counsels at borrower's cost. In case of Corporate borrower, necessary resolution will require to be passed by the Board/ shareholders, as per Company's Act and as per Memorandum & Article of Association of the company. Certificate from bank's approved counsel confirming proper and valid execution of documents/securities to be obtained by the bank to be kept on record).
28. Common seal of the company shall require to be affixed on the documents to be executed in terms of the provisions of the Memorandum and Articles of Association of the company.



29. Borrower shall give acceptance of terms & conditions as per letter of sanction which will form part of documentation and be placed on bank records.
30. Bank shall have the discretion to reset the rate of interest after every 3 years.
31. Prepayment charges at the rate of 2% on the outstanding prepaid are to be levied.
32. All other Terms & Conciliations as stipulated vide our sanction letter dt.22.03.06 for FB & NFB facilities shall remain unchanged.


SR. MANAGER


CHIEF MANAGER



