

STATE BANK OF INDIA,  
INDUSTRIAL FINANCE BRANCH,  
68, RESIDENCY PLAZA,  
RESIDENCY ROAD,  
BANGALORE - 560 025.

M/S. ASTHA PROJECTS (INDIA) LIMITED  
PLOT NO. 226, ROAD NO. 78,  
JUBILEE HILLS, PHASE III,  
HYDERABAD - 500 033.

No. RM-II -961

Date: 6<sup>th</sup> October 2005.

Dear Sir,

**COMMERCIAL ADVANCES**  
**SANCTION OF CREDIT FACILITIES**

With reference to your letter No. - Nil - dated 11.03.2005 addressed to us, we are pleased to advise that you have been sanctioned the following credit facilities:

Facility	[Rs. in crores]		
	SBI	Other Bank	Total
Term Loan+	12.00	7.19	19.19
Total FBL	12.00	7.19	19.19
TOTAL EXPOSURE	12.00	7.19	19.19

2. The above limits are as per the terms and conditions set out in Annexures 'A' to 'C' including security and pricing in addition to the special terms and conditions enumerated below:

i. ~~The credit facility sanctioned to the Company is to be utilised for your genuine working capital requirements only and with no diversion of short-term funds for long-term uses.~~

ii. The Company should endeavour to furnish the latest audited balance sheet within 3 months from the year-end every year to enable us to complete the review / renewal exercise. In case this is not done, we may charge penal rate of interest on the entire outstandings.

iii. ~~The Company will advise us details of godowns / factories where stocks/finished goods are kept and shown in the stock statement to enable the bank's staff to carry out the inspection thereof. Stock statement should be sent to the bank at monthly intervals and should reach by the 10<sup>th</sup> of next month to which it pertains unless specified otherwise. Non-submission of statement may attract penal rate of interest @ 1% p.a. for the particular month. Inspection charges and other incidental expenses incurred by the Bank will have to be borne by the Company and will be recovered by debit to Cash Credit account.~~

iv. ~~The Company will submit FFR-III within prescribed time frame.~~

v. ~~The limit will fall due for renewal on 05.08.2006. The Company should make all efforts to submit all the relevant data well in time, i.e., before 1 month of the limit falling due for renewal to enable us to renew the limits in time.~~



vi. ~~Processing charges for working capital facilities @ Rs. 280/- per lac, (i.e. Rs. 105,000/-), applicable on total of fund-based and non-fund-based limits, will be recovered immediately and thereafter at each renewal or period of 12 months, whichever is earlier.~~

vii. Upfront fees @ 1.15% of the Term Loan (inclusive of service tax) sanctioned will be recovered immediately. (Rs. 13,80,000/-).

viii. The working capital facility and term loan will also be governed by the bank's standard covenants attached hereto.

3. Please arrange to complete all the formalities of documentation, including that of creation/extension of mortgage, and also arrange to fulfill the pre-disbursal conditions/stipulations at an early date to enable us to release the facilities.

4. We request you to please return the duplicate copy of this letter and annexures duly signed by authorized signatory of the Company and the Guarantors of the advance in token of having accepted the terms and conditions of sanction. Please also arrange to pass suitable Board Resolution in this regard and arrange to call on us for executing the necessary security documents along with certified copy of the Resolution for our record.

**Other conditions:**

- i) The company should tie up with other Bank / FI for the balance debt component before seeking disbursement from us.
- ii) The company must furnish collateral security acceptable to the bank of at least Rs. 2.00 crores.
- iii) All agreements / approvals from appropriate authorities should be in place before seeking disbursement from the Bank.

Yours faithfully,

  
Assistant General Manager.

Encl: Annexures A - C.





ANNEXURE "A"M/S. ASTHA PROJECTS (INDIA) LIMITEDTERMS AND CONDITIONS FOR TERM LOAN

1. Limit : Rs. 12.00 crores.

2. Security :

Primary :

- Paripassu I charge on land & building / structure proposed to be acquired at Kangra Dist, Himachal Pradesh State
- Paripassu I charge over P&M and other fixed assets both present and future

Collateral :

- Assignment of all project contracts, documents, titles, permits/approvals, clearances, etc.
- Pledge of promoters shareholding in APIL aggregating to 21.37% of total equity.
- Assignment of all rights and interest under LC/BG and performance bond provided by any party in favour of the company.
- I paripassu charge on Trust & Retention Account to be opened with us.

Guarantee : Personal Guarantees of:

Sri M. Keshav Reddy  
Sri K. Raghuvier  
Sri M. Jayanth Reddy  
Sri M. Arjun Reddy  
Sri N. Jayapal Reddy  
Sri K. Jayaveer

3. Documents :  
i) Standard C & I Documents.  
ii) Equitable Mortgage of primary security.  
iii) Assignment deed.  
iv) Pledge letter.

4. Rate of Intf. : At 1.25% below SBAR [PLR]. Effective minimum rate will be 9.00% p.a. at monthly rests.

5. Insurance : The fixed assets will be insured for their full value in the joint names of the Bank / s and the Company.

6. Repayment : Payable as under.

Term Loan: Repayable in 31 quarterly instalments of Rs. 60.00 lakhs each starting from 30.06.2009 and 32<sup>nd</sup> instalment of Rs. 59.00 lakhs.



ANNEXURE "B"M/S. ASTHA PROJECTS (INDIA) LIMITED  
STANDARD COVENANTS FOR TERM LOAN

1. The Bank shall have right to examine at all times the books of accounts of the Company and to have their factories inspected, from time to time, by its officer(s) and / or outside agencies/ Chartered Accountants and the expenses to be incurred by the Bank in this regard will be borne by the Company.
2. The Bank may, at its sole discretion, disclose such information to such institution(s) in connection with the credit facilities granted to the Company if requested by them.
3. During the currency of the credit facilities, the Company shall not, without the prior approval of the Bank in writing :-
  - a. effect any change in their capital structure;
  - b. formulate any scheme of amalgamation or reconstruction;
  - c. undertake any new project/ schemes, implement any schemes of expansion or acquire fixed assets without obtaining the Bank's prior consent therefor, unless the expenditure on such expansion etc. is covered by the Company's net cash accruals after providing for dividends, investments etc. or from long term funds received for financing such new projects or expansion and approved by the bank
  - d. invest by way of share capital in or lend or advance funds to or place deposits with any other concern. Normal trade credit of security deposits in the usual course of business or advances to employees etc. are, however, not covered by this covenant;
  - e. enter into borrowing arrangement either secured or unsecured with any other Bank, financial institution, Company or otherwise save and except the working capital facilities granted/to be granted by other consortium-member banks, under consortium arrangement with the Bank and the term loans proposed to be obtained from financial institutions/Banks for completion of the replacement-cum-modernisation programme;
  - f. undertake guarantee obligations on behalf of the Company; and
  - g. 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 had occurred in any repayment obligations.
  - h. Create any charge, lien or encumbrance over its undertaking or any part thereof in favour of any financial institution, bank, company, firm or persons;
  - i. sell, assign, mortgage or otherwise dispose off any of the fixed assets charged to the Bank;
  - j. enter into any contractual obligation of a long term nature or affecting the company financially to a significant extent;





- k. change the practice with regard to remuneration of directors by means of ordinary remuneration or commission, scale of sitting fees, etc;
- l. undertake any trading activity other than the sale of products arising out of its own manufacturing operations; and
- m. permit any transfer of the controlling interest or make any drastic change in the management set-up.
4. The Company should maintain adequate books of accounts, which should correctly reflect its financial position and scale of operations and should not radically change its accounting system without prior notice to the Bank.
5. The Company should submit to the Bank such financial statements as may be required by the Bank from time to time, apart from the set of such statements to be furnished by the company to the Bank as on the date of publication of the company's annual accounts.
6. The company shall keep the Bank informed of the happening of any event likely to have a substantial effect on their profit or business: if, for instance, the monthly production or sales are substantially less than what had been indicated to the Bank, the company will inform accordingly with explanations and the remedial steps proposed to be taken.
7. The company shall keep the Bank advised of any circumstance adversely affecting the financial position of their subsidiaries/group companies or companies in which it has invested, including any action taken by any creditor against the said companies legally or otherwise.
8. Monies brought in by the promoters/directors/principal shareholders and their friends and relatives by way of deposits/loans/advances will not be allowed to be repaid by the company without the Bank's prior permission in writing. 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 under term loans granted/deferred payment guarantees executed by the Bank or other repayment obligations, if any, due from the company to the Bank.
9. The Bank will have a first charge on the profits of the company, after provision for taxation, for repayment of instalments under term loans granted/deferred payment guarantees executed by the Bank or other repayment obligations, if any, due from the company to the Bank.

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## ANNEXURE – C

OTHER COVENANTS:

- (a) Company to maintain minimum Debt - Equity Ratio of 3 : 1 at all times. Equity from Promoters & associates and SIB Fund to be in place. Disbursement will be made in relation to DE ratio and progress of the project in stages.
- (b) Margin by way of Equity for release of term loan should be brought up-front.
- (c) Favourable Title Investigation Report on the property mortgaged has to be furnished before disbursement of loan.
- (d) In the event of any escalation in the project cost, promoters have to fund the same.
- (e) Infusion of Preference equity, if any, must not to be redeemed before 12 years or until repayment of the term loan and must be subordinated to the term loan. Rate of dividend and nature of preference equity, if infused, should be clearly advised to the Banks before hand.
- (f) PPA / IA and all other relevant agreements have to be signed by the company with counter-parties concerned to the project, duly vetted by the Bank's Advocate certifying that the lender's interest is not affected, before disbursement of the loan.
- (g) EPC contracts, if any, have to be finalized before disbursement of loan.
- (h) O&M agreement, if any, should be in place atleast 3 months before commencement of commercial operation.
- (i) Banks to appoint Lender's Independent Engineer (LIE) for monitoring the progress of the Projects till the commencement of commercial operation at the company's cost.
- (j) AHPPL not to declare dividends during the tenor of the term loan and / or seek prior permission from the MBA while declaring dividend, if any, only after servicing the term loan instalment and interest.
- (k) AHPPL to open Trust & Retention Account with the Lead Bank in the MBA wherein the cash flow mechanism will be regulated from the construction period itself till the repayment of the entire term loan. An agreement to this effect has to be signed by AHPPL, Security Agent (Lead Bank) and the Trustee Bank (Lead Bank). TRA should contain provisions of opening Debt Service Reserve Account wherein two quarters interest and principal repayment obligations may be parked.
- (l) Clearance from State Pollution Control Board to be obtained before release of the facilities.
- (m) Assignment of project contracts and other documents, etc which are stipulated as collateral security, should be vetted by Bank's Advocate to ensure that clauses containing therein do not affect the lenders' interest.
- (n) Revised Statement of Assets & Liabilities of all guarantors to be furnished with full details as on 31.03.2005 (along with copies of IT returns filed).





**FINANCIAL COVENANTS, IF ANY :**

- The borrower shall pay penal interest at 1% on the total outstandings in the event of any one or more of the following defaults during the currency of the loan for the relevant period mentioned thereagainst:
- (a) Any adverse deviation by more than 20% from the levels stipulated as below in respect of any two of the following items for a minimum period of one year:
- i. Current Ratio of 1.33
  - ii. Total debt gearing, ie., TOL/TNW of 3.00
  - iii. Interest coverage ratio of 3.
- (b) Default in payment of interest or instalment to the lender bank for the period of such default.
- (c) Default in payment of interest and/or instalment on due dates to any other lender for the period of such default.
- Bank shall recover pre-payment charges at the rate of 2% of the prepaid amount.

**NEGATIVE COVENANTS :**

- (a) Change in capital structure.
- (b) Effecting scheme of amalgamation / reconstitution / expansion / diversification.
- (c) Withdrawal of any moneys brought in by Promoter/Directors/Friends & relatives.
- (d) Declaration of dividend.
- (e) Investment by way of deposits/loans/ share capital in any other concern.
- (f) Obtention of credit facilities from any other Bank/FI, etc.

