

REF: MCB BR/LTR-248/CR-40/2021-22/LREKPL

DATE: 30.12.2021

SANCTION MEMORANDUM

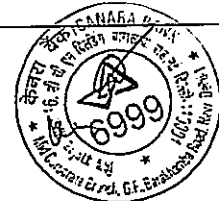
To
M/s L R ENERGY KARNAL PVT LTD
7, Golden Gate, West end Green,
Rajokri, New Delhi- 110038

Dear Sir,

SUB: M/s L R ENERGY KARNAL PVT LTD- Term Loan

- I. We are pleased to inform you that as per your request dated 22.10.2021, the competent authority has permitted fresh Term Loan of Rs.24.00 Crores to setup the CBG and Bio-Fertilizer Manufacturing unit with per Day installed Capacity of 5400 Kg CNG and 26000 Kg Bio Fertilizer at 8.60 acres of land at Karnal - Shamali Road, Karnal under Press Mud sale procurement agreement between M/s BHSI for supply of 120-140 MT of Press Mud and LOI (Letter of Intent) dated 08/07/2019 and agreement for production and supply of CBG under SATAT dated 25/08/2020 from Indian Oil Corporation Limited with a project cost of Rs.31.28 Crores on following terms & conditions:-

Particulars	Terms and Conditions
Amount	Rs.24.00 Crore
Project Cost	Rs.31.28 Crores
Purpose	Establishment of CBG and Bio-Fertilizer Manufacturing unit with per Day Production Capacity of 5400 Kg CNG and 26000Kg Bio Fertilizer
Security	1. Prime: Rs.28.93 Crores (Hard Cost of the project which includes Land of value Rs 4.63 Crores, Site Development of Rs 0.20 Crores, Civil Works of Rs 6.48 Crores and plant & machinery of Rs 17.62 Crores.) as per details submitted by technical consultant and AIC report. 2. Charge over entire present and future cash flow of the company. Collateral: Rs.4.80 Crores (Cash Collateral) (Details as per Para III below)
Term Loan Margin	Rs. 7.28 Crores; 23.26% of total project cost Rs.31.28 Cr
Tenor	180 month (15M implementation, 3M holiday and 162 M repayment period)
DCCO	Apr-2023. Zero date has been considered as December,2021
Implementation period	15 Months from Zero date (From Dec 2021 till Feb 2023)
Trial Run	March 2023
Moratorium	3 Months
Repayment	162 months (From June -2023 till Nov-2036)
Mode of disbursement	Loan proceeds shall be directly remitted to the vendor/supplier of the machineries/accessories etc. CA certificate for the same to be submitted. For the civil works and other misc. expenses, contingencies etc payment will be made directly to the vendors/ suppliers, bills duly certified by the LIE.



Particulars	Terms and Conditions
Rate of Interest	MCLR+2.95%+0.80% i.e. MCLR+3.75%, presently 11% p.a.
Upfront fee	1% of loan amount (including appraisal Charges)
Prepayment penalty	2% of the prepaid amount (loans prepaid from own sources will not attract prepayment/pre-closure charges)
Annual Review Charges	Rs.100 per Lac; Minimum Rs.10,000/-; Maximum Rs.5 Lacs
Documentation charges	Rs.50/- per lakh or part thereof with a maximum of Rs.25000/-
Other Charges	Cersai charges, CIBIL charges, ROC charges and others to be collected as applicable.
Inspection charges	Rs 200+GST per inspection plus out of pocket expenses.

II. DETAILS OF SECURITIES:

SN	Particulars	Value
A.	Prime Security	28.93
1.	Value addition by civil constructions	6.48
2.	Hypothecation of Plant and Machineries	17.62
3.	*Simple Mortgage of 8.60 acres Proposed project site Nagla Megha standing in the name of the subject company	4.63
4.	Site Development	0.20
B.	Collateral Security	4.80
5.	20% Cash Collateral	4.80
	Total Value of Security (Prime + Collateral)	33.73
	Proposed Term Loan Exposure	24.00
	Total Exposure	24.00
	Total Security coverage for proposed exposure (Prime & Collateral)	33.73
	Total security coverage (in percentage)	140.54%
	Total value of security (Immovable property + Cash collateral)	16.11
	Immovable Security + Cash collateral Coverage	67.125%

III. Other comforts:

a. Personal Guarantee:

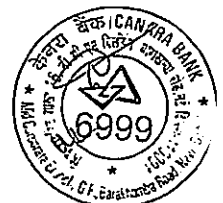
(Rs in Crores)

S N	Directors	Net worth	CA Certificate dated 09.06.2021
1.	Sri. Rohit Mann	7.69	21095424AAAACU6790
2.	Sri. Joginder Mann	20.89	21095424AAAACU6790
	Total	28.58	

CONDITIONS:

Pre Release Conditions :-

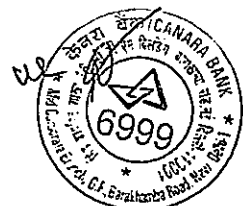
Conditions to be complied before disbursement as per Scheme guidelines:



1. The tripartite agreement between Bank, LOI holder and Oil & Gas Marketing Companies (OMC) to be executed for receipt of sale proceeds to Escrow account with our Bank after getting the same vetted by our legal section.
2. The company to submit consent from State Pollution Control Board to operate waste to energy plant.
3. The company to submit approval for storage & filling of Bio-CNG Plant from Petroleum and Explosives Safety Organization (PESO), Nagpur, if applicable.
4. All Government guidelines / Statutory Approvals /clearances required for setting up CBG plant including Environmental clearance to be obtained. Major indicative clearances required are:
 - a. Consent to Establish & Operate from Central Pollution Control Board.
 - b. Consent to Establish & Operate from Petroleum and Explosives Safety organization.
 - c. Factory related licenses.
 - d. NOC from District authorities.
 - e. Approval of factory plans by town planner.
 - f. Approval of factory plans under the factories act from the office of directorate of industrial safety and health(erstwhile factory Inspectorate).
 - g. Consent to establish (CTE) from state pollution control board.
 - h. Permission from fire department.
 - i. The permission for electric load from state electricity authority.
 - j. The permission for water connection from the competent authority.
 - k. Any other permission required for setting up of plant as per scheme guidelines and state/central government statutory requirements.
5. All required clearances/ approvals should be in place, before disbursement of the sanctioned credit facilities.
6. The company to submit an undertaking that if the actual revenue generation level is not in line with the projections within the initial 2 years of operation, the company will re-size/reduce the debt or infuse the equity to the extent of shortfall in revenue against original estimates.
7. The company to submit any other permission required for setting up of plant as per scheme guidelines and state/central government statutory requirements.
8. Statement of Expenditure made so far to be submitted duly certified by C.A. with UDIN.

TERMS & CONDITIONS:

- > The company is to submit LEI at the earliest and submit the same.
- > The disbursement will be done after conduct of pre release audit as per bank guidelines.
- > The credit audit is to be conducted as per the bank extant guidelines.
- > As the Company is not availing working capital limit, the company to submit undertaking that the same would be met by the company from its own sources.
- > The company to submit an undertaking that they will comply with all terms and conditions as per Concession Agreement.
- > As per Concession Agreement, BHSL will supply entire press mud required for the subject unit on a daily basis. The company to ensure that there is uninterrupted supply of Press mud throughout the tenure of Concession Agreement.
- > The margin amount required for the project to be brought in by the Company through verifiable sources & through proper banking channels. Certificate from CA to be submitted periodically for the same. The margin to be brought in should not be in the

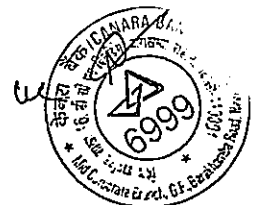


form of any borrowings where interest cost is involved, as the same is not factored in the project workings. However, if margin is brought in the form of unsecured loans, then subordination of debt will be done in this regard. The company will not pay interest on these unsecured loans.

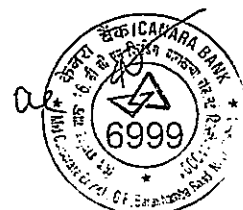
- The company is to submit amount equivalent to 3 months' principal and interest before the end of Moratorium for creation of DSRA/ ISRA.
- The company to submit an undertaking that they will comply with the terms and Conditions as per Letter of Intent (LOI) and also ensure that Commercial Agreement is entered with IOCL.
- The company to obtain and submit Comprehensive insurance including fire insurance and transit insurance policy as per extant instructions for adequate value. All insurance policies shall invariably contain Standard Bank Clause.
- The term Loan disbursements will be made directly to the suppliers/contractors.
- The Company is advised to execute AMC for maintenance of plant & Machineries and submit a copy of AMC to the branch.
- The Company to submit the undertaking that they will bring in additional funds to meet the escalation in project cost if any.
- The company to submit estimates, quotations, Performa invoices for constructions, plant and machinery and other investments under the project, wherever applicable. Bills, vouchers, receipts or panel valuer certificate to be submitted in support of investments already made or to be made. The company to make sure that purchase of machineries and equipment's are from credible/ reputed vendors and that in no case old plant and machineries to be installed.
- The company to make sure that power connection, water availability and accessibility to the project site are in place and continuity of power supply to be ensured. All the other required facilities are made available at the project site, since the same are very crucial in successful implementation of the proposed project.
- The loan will be disbursed in stages as per implementation schedule. Each stage wise disbursement will be inspected and further disbursement will be done after verification and satisfaction of end use of previous disbursement.
- The promoters are advised to evince keen interest and supervise the operations of the unit properly.
- All guidelines regarding mortgage of properties to be adhered with.
- The company to ensure proper firefighting arrangement is in place for the unit.
- All assets are to be insured as per extant guidelines of the bank. Interest to be served as and when debited, including moratorium period.
- All general terms and conditions applicable to the scheme are to be complied.
- The legal audit of the mortgaged property to be done every three years and the cost of the same to be borne by the company.
- The charge for the term loan will be registered with ROC and CERSAI as per extant guidelines and the cost of the same is to be borne by the company.

Other conditions for Term Loan

- 1) The company to infuse additional funds in case of shortfall in debt serviceability, if any.
- 2) An undertaking to be submitted from the company for non-payment of interest on unsecured loans.
- 3) The company to submit CA certificate of TL margin infused by the company.
- 4) Assets created out of the above TL to be insured against all risks with bank clause.



- 5) The company to make sure to possess all the infrastructural facilities such as adequate space, electricity, water, etc., and obtain all necessary licences/permits/clearances from Government Departments/appropriate authorities.
- 6) All assets are to be adequately insured for all risks.
- 7) The Unit will be inspected periodically and during such inspection aspect relating to overall performance of the Unit, availability of machinery, its working conditions to be studied.
- 8) The bank will appoint Lenders Independent Engineers (LIE) examining the credentials of equipment vendor, technology being used, performance and periodical implementation of project. The LIE will monitor the implementation of the project and submit quarterly report. The bill vouchers shall be duly verified and certified before payment to the vendors. The cost of the same shall be borne by the company.
- 9) The company to pay applicable rent, electricity charges, etc., regularly.
- 10) The company to adhere to the schedule of implementation.
- 11) The company to submit receipts/bills/vouchers for each and every item for the disbursements made.
- 12) The disbursement under the term loan should be made directly to the vendor for the machineries/equipments/accessories after collecting stipulated margin from the borrower. Stamped receipt from the vendor to be submitted.
- 13) All other terms and conditions as applicable for this type of advance to be adhered.
- 14) Other terms and conditions:
 - The Bank may revoke in part or in full or withdraw / stop financial assistance, at any stage, without any notice, or giving any reasons for any purpose whatsoever.
 - This sanction does not vest in any one right to claim any damages against the Bank for any reasons whatsoever.
 - The loan sanctioned herein is to be availed within 6 months.
 - If the sanctioned credit limits are not availed within the stipulated time frame as mentioned above, company to take up with the branch for revalidation of sanction.
 - The Bank in its absolute discretion may extend the said period to a maximum of similar period with or without any change in the sanction terms mentioned herein. The Bank also reserves the right to revise the rate of interest at the time of such extension or at or before availment by you.
 - In case of prepayment of term loan or pre-closure by transfer of term loan account to other banks / financial institutions, you shall be liable to pay a pre payment penalty of 2% on the outstanding liability.
 - If the pricing of loan is based on the projected financial statements, the Bank reserves the right to reprice the credit exposure permitted on receipt of audited financial statements. Besides, as and when rating assigned by External Credit Assessment Institutions (ECAIs)/ internal rating is downgraded, Bank reserves the right to review and reprice the credit exposure. In case there is any down gradation in Internal Credit Risk Rating based on latest Financial Statement, suitable modifications in pricing will be taken.
- 15) The interest rate is linked to MCLR.
- 16) The MCLR and the actual lending rate are subject to review and variation from time to time as per RBI guidelines and also subject to any changes in the financial position of the borrower. The changes in the MCLR and the actual lending rate will be notified in the notice board of the Bank from time to time.



17) Notwithstanding anything contained hereinabove, the Bank at any time reserves the absolute right to cancel the limits (either fully or partially) unconditionally without prior notice :

- a. In case the limits/part of the limits are not utilized by the Company and/or;
- b. In case deterioration in the loan accounts in any manner whatsoever and/ or;
- c. In case of non compliance of terms and conditions of sanction


Senior Manager


Accepted By Borrower