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| **Good People To Grow With** | Indian Overseas Bank Avalpoondurai Branch (Br. Code: 2316)  40 Easwaran Koil Street Main Road Avalpoondurai  Erode-638115  Tel.: - 0424-2331165  IFS Code: IOBA0002316  e-mail:iob2316@iob.in  MICR Code: 638020028 |

**CREDIT SANCTION ADVICE-PRIVATE & CONFIDENTIAL**

**(This sanction letter contains Nine pages-Any alteration in the sanction letter requires authentication)**

**Date:29-Aug-2021**

**To**

**Mr Vivek Kumar Mahesh** - (Borrower)

**Address - 36 Soriyampalayam Vazhaithottam Sivagiri Erode  
Tamil Nadu - 638109**

**and**

**Ananthan Viswanathan– (**Co-Borrower**)**

**Address - 5/18 Main Street Thottipalayam Erode**

**Tamil Nadu - 638107**

Dear Sir(s)/Madam(s),

**CREDIT SANCTION ADVICE**

We refer to your loan application. We also refer to the related correspondence and discussions seeking clarifications on various points raised by you / us and the consensus of the terms and conditions and the credit facilities arrived. We take pleasure in advising that the Competent Authority of the Bank has sanctioned the following credit facilities subject to compliance of the terms and conditions as appended to this communication .

|  |  |  |
| --- | --- | --- |
| **Nature of facility** | **Limits sanctioned** | |
|  | **Existing** | **Revised** |
| **KCC Debit Card - Crop** |  | ₹ 1,00,000.00 (Rupees One Lac Only) |

As and when you avail the said credit facilities, renewal of the limits at our option is due (i) at the end of twelve months from the date of this communication **(valid up to one year)**or (ii) from the date of our letter, if any, advising revalidation of this sanction.

Please note that bank reserves its right to amend, alter or vary the terms and conditions or withdraw all or any of the credit limits sanctioned at any time at its discretion without assigning any reasons whatsoever.

Please arrange to comply with the terms and conditions of the above sanction as detailed in the Annexure and execute the necessary security documents upon completion of which the limits shall become operative.

This sanction advice is being delivered to you in duplicate along with the annexures. Kindly return the duplicate copy of this Sanction Advice and Annexure duly signed on all pages by you as also by the guarantor/s in token of your acceptance of Credit facility(ies) sanctioned to you on the Terms and Conditions specified therein.

***Asstt. Manager***  ***Branch Manager***

**Acknowledgement**

We are thankful to the bank for providing clarifications sought by us regarding this sanction. We are fully satisfied with and accept the terms and conditions of sanction of the credit facilities stipulated above by the bank as the same were arrived at by consensus after discussions and receiving clarifications.

|  |  |  |
| --- | --- | --- |
| **Signature of all Borrowers with date** |  | **Signature of all Guarantors**  **with name and date.** |

|  |  |
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**ANNEXURE – I**

**SIGNIFICANT TERMS AND CONDITIONS OF SANCTION LETTER DATED: 29-Aug-2021**

**A. SECURITY:**

**a) Primary:**

|  |  |  |
| --- | --- | --- |
| **Limits sanctioned: Rs. in Lakh** | | |
| **Nature of facility** | **Amount** | **Prime Security** |
| Kisan Credit Card - Debit Card | ₹ 1,00,000.00 (Rupees One Lac Only) | Hypothecation of the present and the future crops. |
| **TOTAL** | ₹ 1,00,000.00 (Rupees One Lac Only) |  |

**b) Collateral:**

|  |  |  |  |
| --- | --- | --- | --- |
| Nature of Security | Market value | Forced sale value | Valuation |
| Date & name of Approved valuer |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
| **TOTAL** |  |  |  |

**c) Guarantees:**

Personal guarantee of the following should continue for the limits:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Name** | **DOB** | **Permanent Address** | **Net Worth** | **As on** |
|  |  |  |  |  |

**Details of Corporate Guarantee, if any:**

**d) Coverage in ECIB (ECGC) / CGTMSE:**

**B. MARGIN: (for each type of facility)**

**a) Term Loan: NIL**

**b) Cash Credit / Packing Credit:**

|  |  |  |
| --- | --- | --- |
| **Particulars** | **As per Existing sanction** | **As per Proposed sanction** |
| **Stock** |  |  |
| **Receivables** |  |  |

**c) MCC / CC-ETF**

|  |  |  |
| --- | --- | --- |
| **Particulars** | **As per Existing sanction** | **As per Proposed sanction** |
|  |  |  |
|  |  |  |

**d) Bills:**

|  |  |  |
| --- | --- | --- |
| **Particulars** | **As per Existing sanction** | **As per Proposed sanction** |
| **Inland** |  |  |
| **Foreign** |  |  |

**e) Non Fund Based limits:**

|  |  |  |
| --- | --- | --- |
| **Particulars** | **As per Existing sanction** | **As per Proposed sanction** |
| **Letter of Credit** |  |  |
| **Letter of Guarantee** |  |  |
| **Others** |  |  |

**C. RATE OF INTEREST: (for each type of facility)**

|  |  |  |
| --- | --- | --- |
| **Type of Facility** | **As per Existing sanction** | **As per Proposed sanction** |
| **Kisan Credit Card** |  | **1 Year MCLR presently 7.45%+spread 0.90% = 8.35%pa** |

* **The concession in interest rate / charges allowed, if any, shall be available only till the validity of the current external rating and in case of revalidation, it is subject to same/better rating is obtained and at the discretion of the bank.**
* **Interest rate is subject to revision/increase and the periodical change in the benchmark rate will be displayed in the Bank’s website from time to time.**

**D. OTHER CHARGES:**

**a)** Processing fees of Rs.\_\_\_\_\_\_\_\_\_\_ and Upfront fees of Rs.\_\_\_\_\_\_\_\_\_\_\_ will be recovered and will not be refunded even if you do not take up the limits, revalidate the sanction or foreclose the loan / facilities.

**E. REPAYMENT SCHEDULE: (for each type of facility)**

|  |  |
| --- | --- |
| **Nature of Facility** |  |
| **KCC DC- Crop** | On demand. Limit is valid for 5 years subject to annual repayment of principal plus interest and renewal of the limit. |

**F. INSURANCE:**

All the securities both prime and collateral shall be comprehensively insured 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 obtained from Universal Sompo General Insurance Co. Ltd., If the rates are competitive.

**G. INSPECTION:**

The prime and collateral securities shall be inspected monthly by the Credit Officer and quarterly by the Branch Head at such other periodicity as may be prescribed in the extant guidelines or by the Sanctioning Authority. Inspection charges as per extant guidelines of the Bank shall be recovered. Borrower should ensure/facilitate free access to the Unit/ documents/files for inspection by the bank officials.

**PRE-RELEASE CONDITIONS:**

1. Satisfactory Credit Reports from the existing / other lenders in respect of the subject company / firm and all its associates / group concerns will be obtained before release of the credit facilities.
2. All procedural formalities relating to lending to limited companies should be complied with.
3. The limits / loan will be released after execution of related documents and creation of mortgage / supplemental mortgage, if any.
4. In respect of the properties given as prime / collateral security, Legal Opinion / Valuation report from approved lawyer / valuer should be obtained. If the existing valuation is more than three years old, fresh valuation from approved engineer should be obtained. In respect of properties valued for Rs.5 crores& above, fresh valuation should be obtained after completion of two years from the date of previous valuation **from a panel valuer different from the one who did the previous valuation.**
5. Formalities with regard to creation of equitable mortgage / supplementary narration in the title deeds register should be completed as per guidelines and all documents shall be obtained as per legal opinion from our approved lawyer in our standard format including BPEC and ensure clear and marketable title of the property.
6. In accordance with the Extant Guidelines issued by Credit Support Services Department, C.O.as in force complete vetting of documents to be done before release of funds under sanctions at various levels.
7. Letter of undertaking to be obtained from the subjects to bring adequate own funds by way of additional capital / unsecured loans so as to maintain the TOL/TNW and current ratio at the rates prescribed by the Bank.
8. Letter of undertaking to be obtained from the company to utilize the credit facilities for the purpose for which it is sanctioned and not to indulge in Capital Market and other speculative activities.
9. **Letter of undertaking to be obtained from the subjects authorizing the bank to cancel the entire sanctioned limit / unavailed portion of the sanctioned limit without assigning any reasons therefore.**

**OTHER SIGNIFICANT CONDITIONS:**

**a)** All the formalities for mortgage/creation of charge on securities to be completed including registered memorandum and obtention of upto date Broken Period Encumbrance Certificate and latest tax paid receipt.

**b)** The sanctioned credit facilities – fresh/enhancement shall be released only upon receipt of permission from the competent authority as per the extant internal guidelines on pre-release clearance including vetting of documents.

**c)** Mortgage to be registered with CERSAI within the stipulated time.

**d)** Our Charge on the securities of the Company has to be filed with ROC within the prescribed period and search certificate would be obtained for verification at the cost of the borrower.

**e)** Valuation reports from 2 approved Valuers to be obtained prior to release of limits. In case, the variation between the two is more than 10%, 3rd valuation report from another Valuer from the panel to be obtained.

**f)** Stipulation on capital infusion or conversion of unsecured debt to equity or withdrawal of unsecured debt out of the business (wherever applicable).

**g)** Other significant terms, if any (as stipulated by the sanctioning authority)

**h) In accordance with RBI Guidelines, all credit exposures of Rs.5 crore and above to periodic legal audit and re-verification of title deeds with relevant authorities as part of regular audit exercise till the loan stands fully repaid. Accordingly, in applicable cases, Legal Audit will be conducted at borrower’s cost.**

**i) Branch shall implement such of those latest instructions as approved by the Board/MCB and duly circulated by the Central Office and the new guidelines introduced with respect to loan documentation, between the date of sanction and the date of availment.**

**j) Notwithstanding anything contained in the Sanction TERMS, THE Bank at any point of time reserves the absolute right to cancel the limits (either fully or partially) unconditionally without prior notice (a) in case of borrower’s credit worthiness and/or (b) in case of non-compliance of terms and conditions of the Sanction and/or (c) in case of the limits/ part of the limits are not utilized by you.**

**ANNEXURE – II**

**OTHER TERMS AND CONDITIONS OF SANCTION LETTER DATED: 29-Aug-2021**

**1. Right of Recall:**

**a)** The credit facility should be utilized for the specific purpose for which the same has been sanctioned and if the bank has reason to believe that the borrower has violated, or apprehends that the borrower is about to violate the said conditions the Bank shall have the option to exercise its right to recall the entire loan or any part thereof at once, in addition to its right to withdraw the undrawn limits, notwithstanding anything contrary contained in this Sanction Advice.

It is affirmed that this right is without prejudice to the Bank’s right to demand the Loan amount for violation of other terms and conditions of the sanction and/or the terms reflected in the loan/ security documents to be executed by the borrower.

**b)** The referred credit facility is extended solely at the Bank’s discretion. In addition to what is stated in point 1, the Bank reserves the right to withdraw partially/wholly or regulate such credit facility on the occurrence of any one of the following events of the Borrower:

i. Non-compliance with terms and conditions of sanction

ii. Indulging in drawings beyond the sanctioned limits

iii. Issuing cheques for purposes other than specifically agreed

iv. Indulging in large cash withdrawals not commensurate with the requirements estimated.

v. Indulging in activities, which are detrimental to the image/ interest of the Bank viz., acts that are unlawful, malafide etc.

vi. Deterioration in the conduct of accounts/facilities in any manner whatsoever.

**2. Deterrents for default:**

**a)** In terms of directives in force now or as may be modified from time to time, default in repayment of instalments and/or servicing of interest for a notified period automatically results in categorization of all borrowal accounts as Non-Performing Asset (NPA). Such categorization renders the borrower ineligible from seeking (i) Additional/Ad-hoc credit facilities (Fund Based and/or Non-fund based), (ii) Waiver of overdue interest and (iii) Soft recovery measures.

**b)** Bank is under no obligation to consider the request of the borrower, if any, for additional Credit facility(ies) without a comprehensive review of the existing credit limits, operations in the accounts and past performance in meeting commitments such as servicing of interest charged to the Loan account(s), repayment of Loan instalments, prompt submission of stock-statements, upkeep of records and books of accounts, upkeep of machinery financed, honouring commitments under LC/LG promptly etc., as applicable to the purpose for which credit facility has been extended.

**c)** In the event of the borrowal account being overdrawn without prior agreement or exceeding the agreed borrowing limit **or** in the event of delay / non-submission of stock statement, the bank shall charge overdue interest at the rates specified from time to time.

**d)** If audited financials and certified stock statement as on 31st March of every year are not submitted before 31st October, a penalty of additional interest of 1% shall be levied from 1st November till the date of submission.

**e)** In case devolvement of LCs has taken place consecutively for **2 times**, all concessions allowed shall be withdrawn and applicable charges as per the rating and circulars in force shall be charged for the LC limit.

**3. Revision in MCLR Rate and charging of interest:**

**a)** In case of borrowal accounts where interest rate is linked to MCLR (Marginal cost of funds based Lending Rate) or where fixed interest rate is specified by the Bank, **changes if any**, in the Bank’s MCLR and/or fixed rate specified by the Bank, shall be conveyed through Press Report or Publicity through media or a suitable ‘Notice’ placed in the banking hall of the branch and such mode of communication shall be construed as sufficient

‘Notice" to the borrower about the **revisions effected in the interest rates.**

**b)** The applicable interest rate/s will be charged with monthly, or such other **rests** as may be notified by the Bank from time to time.

**c)** The interest will be calculated and charged as per the daily balances, to the borrowal account/s **until** the same is fully liquidated and the interest so charged will be **paid by the borrower** as per the terms agreed or as and when demanded by the Bank.

**4. Prepayment of facilities:** Prepayment of your borrowal accounts will be subject to the recovery of charges at the discretion of the Bank.

**5. Copies of loan documents** to be executed by the borrower for the credit facility(ies) referred herein, will be provided at his/her/their cost, on receipt of a specific request to the undersigned in writing.

**6. End use of funds:** Upon availment of credit facility on terms agreed, the borrower has to produce necessary documentary evidence for end-use and facilitate verification by the Bank. As and when called for, a certificate from their Auditor regarding end-use of the loan availed should be produced to the Bank.

**7. Disclosure clause:** All the borrowal accounts with our Branch/ Bank will be subjected to the application of disclosure- norms prescribed by RBI.

**8. A. CIC Clause:** The information / data pertaining to all the borrowal accounts shall be furnished to Credit Information Companies such as Credit Information Bureau of India Limited (**CIBIL**) and other Agencies / Authorities, from time to time in terms of mandatory provisions in force.

**B. Information Utility Clause:**

Financial information pertaining to all the borrowal accounts shall be submitted to Information Utility(ies) in terms of the Insolvency and Bankruptcy Code, 2016, Insolvency and BankruptcyBoard of India (Information Utilities) Regulations, 2017 and under the terms and conditions and applicable Bye-Laws of the Information Utility of the choice of Indian Overseas Bank. Such information submitted by Indian Overseas Bank from time to time shall be verified and authenticated from time to time by the borrower(s)/ guarantor(s) in the mode and within the time prescribed by the information utility. Applicable charges shall be borne by the borrower failing which the same is recoverable from the guarantor.

**9. Period of Validity of sanction:**

**a)** This credit sanction is valid for an availment period of six months from the date of this communication. Unless availed within six months, this sanction **requires revalidation** by the Sanctioning Authority.

**b)** When the necessity for revalidation arises, the borrower has to submit a written request–letter to the branch furnishing the key financial parameters and the reasons for non-availment of credit facilities even after lapse of six months from the date of this communication. Such request for revalidation will be evaluated by the Sanctioning Authority and the validation of availment – period of sanction or otherwise will be communicated to the borrower. It is to be noted that request for revalidation of sanction will be entertained only once.

|  |  |
| --- | --- |
| **Particulars** | **Validity** |
| Any Fresh / Enhanced Term Loan / Working Capital and Non Fund Based facilities | For availment : 6 months |
| All facilities including existing and now sanctioned facilities | To be renewed/reviewed once in 12 months. The borrower to submit necessary papers / documents / financial statements, etc. at the end of 10th month from the date of this sanction for ensuring timely renewal. Any delay will attract penal interest. |

**10. KYC guidelines:**

**a)** In terms of directives of RBI currently in force, KYC (Know Your Customer) guidelines are applicable and the required personal information / data as and when sought by the Bank should be furnished.

**b)** In case the borrower is a Company falling under the purview of the Companies Act, the release of Credit Facilities will be subject to the Company holding valid **C**orporate **I**dentity **N**umber (CIN) and all Directors of the Company holding “**D**irector’s **I**dentification **N**umber (DIN).

**11. Major changes in the constitution of the borrower:** Change if any, in the constitution of borrower, viz Reconstitution of Partnership Firm or conversion of Private Limited Company into Public Limited Company or changes in Constitution/ Directors, proposals for merger / takeover etc., should be advised immediately to the Bank in writing. The bank has the sole discretion to accept or reject such reconstitution / conversion / changes and until such time, the same will have the right to suspend the operation of the limits and in the event, the Bank does not accept / recognize such reconstitution / conversion / changes, the Bank will have the right to withdraw the undrawn limits.

**12. Valuation of stock:** The borrower should maintain suitable records to evidence the basis of quantification/valuation of raw materials, components, work-in process and finished goods charged to the Bank. The basis of valuation shall be as follows:

a) Raw Materials (RM): at cost or market value whichever is lower

b) Work-in-Process: at RM value plus approximate direct expenses

c) Finished Goods: at cost of production or market value, whichever is lower

**13. Valuation report:** Valuation report on the properties/machineries charged to the Bank will be obtained afresh every 3 years or earlier or as and when deemed necessary by the Bank from the Panel Valuers of the Bank at the cost of the borrower.

**14. Stock Audit/Credit Audit:** In addition to the regular stock inspection by branch officials, Stock audit and/or Credit Audit will be conducted as per the extant guidelines of the Bank and the cost of the same to be borne by the borrower.

**15. Securitisation of Assets charged:** The Bank shall have the right to securitize the secured assets and in the event of such securitisation the Bank is not bound to send an individual intimation as to the said securitisation to the borrower and/or guarantor(s).

**16. Adverse effects in the conduct of business:** The borrower shall keep the Bank informed of the happening of any event likely to have substantial effect on their profit or business; if, for instance, monthly production or sales are substantially less than what had been indicated to the Bank, the borrower will inform the Bank accordingly, with explanations and the remedial steps proposed to be taken.

**17. Liability of Guarantors:** Guarantor/s is/are advised to take notice that the bank shall have the right to exercise discretion with regard to allowing the loanee to withdraw amount from the loan account over and above the limit sanctioned and the guarantee to be extended shall cover such an eventuality also.

***Asstt. Manager Branch Manager***

**F 568**