

## SANCTION LETTER

Ref No.: CAM011808180003

Date:09 Oct 2018

To,

**M/s Spectrum Renewable Energy Private Limited**

J-1/160, Ground Floor

Rajouri Garden

New Delhi DL 110027 IN

**Subject: Sanction of Credit Facility/ies**

**Kind Attention: Mr. Akula Venkata Mohan Rao**

With reference to your request, we are pleased to sanction the following Credit Facility/ies as per the terms and conditions mentioned hereunder:

This sanction is subject to the acceptance of the terms and conditions mentioned herein and execution of the Credit Facility/ies and security documents and submission of other required documents, detailed below, unless specifically waived by HDFC Bank Limited ("**Bank**").

1.	Borrower	M/s Spectrum Renewable Energy Private Limited
2.	Name(s) of Directors	<ul style="list-style-type: none"><li>• Akula Venkata Mohan Rao</li><li>• Sumati Maharia</li><li>• Akula Srikant Rao</li><li>• Sarvesh Sindhu</li></ul>
3.	Guarantors	As per Annexure 1
4.	Credit Facility/ies	INR 300,000,000/- (Rupees Three Hundred Million Only)
5.	Details of Credit Facility/ies sanctioned	As per Annexure 1
6.	Specific Covenants	As per Annexure 1
7.	Financial Covenants	As per Annexure 1
8.	Additional conditions wherever property is offered as collateral	<ul style="list-style-type: none"><li>• TSR / legal opinion, valuation report being offered as security shall be completed to our satisfaction.</li><li>• NOC from other member banks for sharing of securities as applicable.</li></ul>
9.	Additional conditions for Take over cases	<ul style="list-style-type: none"><li>• Satisfactory Credit Opinion Report from the transferor bank as per RBI stipulated format</li><li>• No due certificate from the transferor bank within 7 days of take over and filing of satisfaction of charge within 30 days</li></ul>

**Other Terms and Conditions:**

1. The company during the tenure of the Bank's credit facility, will not without the prior permission in writing:
  - Resort to any additional borrowing in the company
  - Undertake any further capex except being funded by company's own resources.
  - Effect any change in shareholding pattern & management control in the company
  - Diversify into non-core areas viz business other than the Current business
  - Undertake guarantee obligations or extend letter of comfort, on behalf of any other company / person/ trust / any III party
  - Invest in, extend any Advance / Loans, to any Group Companies / Associates / Subsidiary / any other III party
  - Repay subordinated loans availed from Directors / Group companies
  - Effect any dividend payout / Capital withdrawal, in case of delays in debt servicing or breach of financial covenants.
  - Sell, assign, mortgage or otherwise dispose off any fixed assets.
2. Security arrangement should be at par with participating lenders (if any) in this project.
3. In case the borrower is rated, the Bank loan rating to be extended to HDFC Bank's facilities within 3 months from the date of sanction.
4. The Bank reserves the right to review the facilities extended in case of a rating downgrade - external or internal rating
5. Proportionate cash flows to be routed through us.
6. Satisfactory CRILC status at the time of disbursement.
7. The Credit Facility/ies is on the main terms and conditions (subject to change as per Reserve Bank of India (RBI) directives / bank policies from time to time) set out in Annexure I hereto which is deemed to be a part of this sanction letter. The Credit Facility/ies is also subject to the conditions that are contained in the Credit Facility/ies and security documents to be executed by the Borrower in favour of HDFC Bank.
8. HDFC Bank based on the representations made by the Borrower and the furnishing of financial statements by the Borrower has agreed to extend the Credit Facility/ies. The commitment to grant the proposed Credit Facility/ies is contingent upon:
  - Absence of any material adverse change in the condition of the Borrower.
  - The Borrower or its associates not having defaulted under any financing obligation to any bank or institution in past.
  - Compliance by the Borrower of all laws and regulations applicable to its operations. The Borrower fulfilling all its financial obligations under various taxation, labour and applicable laws prevalent from time to time.
9. The Credit Facility/ies is not available for investments in shares, debentures, advances and inter-corporate loans / deposits to other companies (including subsidiary companies).
10. The said Credit Facility/ies is being extended at the sole discretion of HDFC Bank and the terms and conditions as well as pricing would be to subject to periodic review, amendment or cancellation.

11. The Bank shall have unfettered right to securitise, transfer, assign, in full or in part, without requiring any consents from the Borrower and/or the Guarantor/s, the rights/benefits under the Credit Facility/ies to any third party who shall then replace the Bank and that the Borrower and the Guarantor/s shall be obliged to deal with such person as if they were a party to the grant of the Credit Facility/ies (however at no extra cost of whatsoever nature, including withholding tax, to the Borrower).
12. As a pre-condition to the Credit Facility/ies to be granted the Borrower, including the directors, partners, proprietors, owners, promoters, employees, officers (wherever applicable) further acknowledges and confirms that the Bank shall, without notice to or without any consent of the Borrower be absolutely entitled and have full right, power and authority to make disclosure of any information relating to Borrower including personal information, details in relation to documents, Credit Facility/ies, defaults, security, obligations of Borrower, to the Credit Information Bureau of India (CIBIL) and/or any other governmental/regulatory/statutory or private agency/entity, credit bureau, RBI, the Bank's other branches/ subsidiaries / affiliates / rating agencies, service providers, other banks / financial institutions, any third parties, any assignees/potential assignees or transferees, who may need the information and may process the information, publish in such manner and through such medium as may be deemed necessary by the publisher/ Bank/ RBI, including publishing the name as part of willful defaulter's list from time to time, as also use for KYC information verification, credit risk analysis, or for other related purposes. The Borrower waives the privilege of privacy and privity of contract in this regard. The Bank shall have the right, without notice to or without any consent of the Borrower, to approach, make enquiries, obtain information, from any person including other banks/finance entities/credit bureaus, Borrower's employer/family members/ officers/ directors/ partners/ promoters/ proprietors/ owners, any other person related to the Borrower, to obtain any information for assessing track record, credit risk, or for establishing contact with the Borrower or for the purpose of recovery of dues from the Borrower or any other legitimate purpose in the opinion of the Bank.
13. Stamp duty if any on the Credit Facility/ies documents shall be borne and paid by the Borrower only and the Bank shall not be responsible or liable for the same.
14. All terms and conditions relating to the Credit Facility/ies and end use of funds would be subject to RBI regulations and directives from RBI from time to time;
15. The Borrower at all times shall comply with the environmental, health, safety and social (EHSS) requirements, all environmental laws and clearances issued there under, and maintenance of documents to be able to demonstrate compliance with the same to the Bank.
16. The continuation of the Credit Facility/ies shall be at sole and absolute discretion of the Bank and the Borrower's outstanding shall be payable to the Bank on demand. The Bank may at any time in its sole discretion and without assigning any reason call upon the Borrower to pay to the Bank the Borrower's outstanding and thereupon the Borrower shall, within 48 hours of being so called upon, pay the whole of the Borrower's outstanding to the Bank without any delay or demur
17. The Borrower hereby agree to allow the officers, or auditors (including Borrower's auditors), technical experts or management consultants appointed by the Bank to inspect its books of accounts and certify including but not limited to end use of funds, from time to time as required by the Bank and Borrower agrees to forthwith, upon demand by the Bank, to extend full co-operation and pay for the costs and expenses incurred by the Bank in relation to said inspection

18. The Borrower (where the Borrower is a company) hereby agrees and undertakes not to induct a person, into its Board of Directors, who is a promoter or director on the Board of a company which has been identified as a willful defaulter or a person who has been declared as a willful defaulter by any Bank/Financial Institution. In case such a person is already a member of the Board of Directors, Borrower would take expeditious and effective steps for the removal of that person from the Board of Directors.
19. The Borrower acknowledges that the Bank reserves an unconditional right to cancel/terminate its right to avail of or make draws from the unavailed portion of the Credit Facility/ies sanctioned at any time during the currency of the Credit Facility/ies, without any prior notice to the Borrower.
20. Notwithstanding anything to the contrary in this credit arrangement letter or any other document/arrangement: (i) in respect of all and any of Borrower's present and future liabilities to HDFC Bank, affiliates, group entities, associate entities, parent, subsidiaries, any of their branches (collectively "Relevant Entities"), whether under this credit arrangement letter or under any other obligation/loan/facilities/borrowings/document, whether such liabilities are/be crystallised, actual or contingent, primary or collateral or several or jointly with others, whether in same currency or different currencies, whether as principal debtor and/or as guarantor and/or otherwise howsoever (collectively "Liabilities"), each of HDFC Bank and the Relevant Entities shall in addition to any general lien or similar right to which any of them as bankers may be entitled by law, practice, custom or otherwise, have a specific and special lien on all the Borrower's present and future stocks, shares, securities, property, book debts, all moneys in all accounts whether current, savings, overdraft, fixed or other deposits, held with or in custody, legal or constructive, with HDFC Bank and/or any Relevant Entities, now or in future, whether in same or different capacity of the Borrower, and whether severally or jointly with others, whether for any banking relationship, safe custody, collection, or otherwise, whether in same currency or different currencies; and (ii) separately, each of HDFC Bank and the Relevant Entities shall have the specific and express right to, without notice to and without consent of the Borrower, set-off, transfer, sell, realize, adjust, appropriate all such amounts in all accounts (whether prematurely or upon maturity as per HDFC Bank's discretion), securities, amounts and property as aforesaid for the purpose of realizing or against any of dues in respect of any of the Liabilities whether ear-marked for any particular Liability or not, combine or consolidate all or any of accounts of the Borrower and set-off any monies, whether of same type or nature or not and whether held in same capacity or not including upon happening of any of the events of default mentioned in any of the documents pertaining to the respective Liabilities or upon any default in payment of any part of any of the Liabilities. (iii) HDFC Bank and the Relevant Entities shall be deemed to have and hold and continue to have first charge on any assets including any deposit on which security has been/will be created in respect of the Credit Facility/ies, as security also for any of the other Liabilities and all the rights and powers vested in HDFC Bank in terms of any security or charge created for the Credit Facility/ies shall be available to HDFC Bank and/or the Relevant Entities also in respect of such other Liabilities, irrespective of the fact whether the Credit Facility/ies is at any time outstanding, repaid or satisfied or not and even after the Credit Facility/ies has been repaid or prepaid.
21. None of the directors or other members of the governing body of the Borrower is a director or 'relative' (as defined under the Companies Act, 2013) of a director of a banking company.
22. The Borrower is required to maintain adequate insurance on all stock, property and other assets which shall be assigned in favour of the Bank within 30 days from the date of disbursement and the Bank shall be marked as the loss payee. The Bank shall keep the insurance current during the term of the Credit Facility/ies. In the event of noncompliance of the same, the Bank reserves the right to obtain insurance in its own name and has the right to debit the Loan Account for the insurance premium.

23. The Borrower shall deliver to the Bank and where applicable, cause the security provider(s) to deliver to the Bank the following, in a form and content acceptable to the Bank:
- (a) Certified true copy of the constitutional document and the proof of incorporation of the Borrower/security provider;
  - (b) In the event the Borrower/security provider is a company incorporated under the provisions of the Companies Act, 1956 or the Companies Act, 2013, a certified true copy of the resolution passed by the board of directors authorising the negotiation and availing of the Credit Facility/ies on the terms of the Credit Facility/ies documents and the execution of the Credit Facility/ies documents and the execution of all other documents as may be required by the Bank in connection with the Credit Facility/ies;
  - (c) In the event the Borrower is a company incorporated under the provisions of the Companies Act, 1956 or the Companies Act, 2013, a certificate from the statutory auditor that the availing of the Credit Facility/ies is within the limits set out under Section 180(1)(a) and 180(1)(c) of the Companies Act, 2013. The Borrower shall provide a certified true copy of a shareholder's resolution approving the availing of the Credit Facility/ies by the Borrower;
  - (d) Certificate and declaration from Statutory Auditors of the Borrower/ security provider/ guarantor company that they are not in violation of section 185 of the Companies Act 2013
  - (e) Where the Borrower is:
    - (i) an individual or;
    - (ii) a partnership firm and any of the partners is a director or;
    - (iii) a joint stock company and any of its directors is a director or a specified near relation of a director of a banking company/ financial institution, or at any time during the currency of this Credit Facility/ies, becomes a specified near relation of a director of a banking company/ financial institution, details of the relationship of the Borrower with the director of the banking company/ financial institution;
- Provided that, in the event Clauses (e) is not applicable and unless otherwise declared to the Bank in writing, the Borrower hereby declares that he is not a director or specified near relation of a director of a banking company/ financial institution.
24. The Bank will have the right to review its Credit Facility/ies in case of any change in the ownership, management or control of the Borrower. The Borrower shall immediately inform the Bank of any such changes or proposed changes, if any.
25. Nothing contained in this Sanction Letter should be deemed to create any right or obligation or interest whatsoever in favour of or against any party and the Borrower shall to execute appropriate Credit Facility/ies documents as required by the Bank.
26. The Bank shall also be entitled and authorized to debit the Borrower's Loan Account against processing fees, insurance charges and any other fees/ charges as applicable for releasing the Credit Facility/ies.
27. The Bank shall be entitled to report all guarantees (including performance guarantees and Bank Guarantees / SBLC) to the Reserve Bank of India (RBI) in Form ODI-Part I. Guarantees issued by the Bank in favour of Wholly Owned Subsidiaries / Joint Ventures outside India would be subject to prudential norms issued by the Reserve Bank of India (Department of Banking Regulation) from time to time.

This Sanction Letter is valid for a period of thirty (30) days from the date of issuance.

Kindly sign and return the duplicate of the Sanction Letter as a token of your acceptance of the terms and conditions of sanction. Kindly also call on our Relationship Manager Mr. Pawan Kumar Mishra for execution of necessary Credit Facility/ies and security documents.

We look forward to partner you in your business.

Yours Sincerely,

Mr. Pawan Kumar Mishra  
Relationship Manager  
HDFC Bank Ltd.

Accepted and Confirmed on behalf of M/s Spectrum Renewable Energy Private Limited:

Name:

Designation:

Date:

(Affix round stamp here)

**ANNEXURE I**  
**(TERMS OF THE CREDIT FACILITY/IES)**

<b>Facility</b>	<b>Term Loan</b>
Sanctioned Amount	INR 300,000,000/- (Rupees Three Hundred Million Only)
Purpose	Commissioning of Bio Gas Plant at Rohtak
Tenor	7 years tenor including 1.5 years of moratorium
Primary Security	<ul style="list-style-type: none"> <li>Immovable Fixed Assets – Exclusive charge on entire present and future immovable fixed assets of the company. Value of the fixed assets of the company as on March 31, 2017 (audited) is INR 12.63 Million. Equitable mortgage to be created for both properties at Wana, Maharashtra and Rohtak, Haryana plants</li> <li>Movable Fixed Assets – Exclusive charge on entire present and future movable fixed assets of the company. Value of the fixed assets of the company as on March 31, 2017 (audited) is INR 225.920 Million</li> </ul>
Secondary Collateral	<ul style="list-style-type: none"> <li>Current Assets – Exclusive charge on entire present and future current assets of the company. Value of current assets of the company as on March 31, 2017 (audited) is INR 37.59 Million</li> <li>Personal Guarantee – PG of Mr. Sarvesh Sindhu, his NW as on 30 Jun 2018 stands at INR 10 Million</li> </ul>
Margin	37.5%
Rate of Interest	As Mutually Agreed
Interest payment frequency	Interest shall be payable at monthly rests. Interest shall be payable on the first day of the subsequent month.
Interest calculation method	Interest will be calculated on 365 days in respect of rupee loans / credit facilities.
Penal Interest	As Mutually Agreed
Documentation	<ul style="list-style-type: none"> <li>Request letter</li> <li>Board Resolution</li> <li>Accepted Sanction Letter</li> <li>Undertaking that the facility would be used for CAPEX purposes and not for Capital Market exposure or Real Estate</li> <li>Certified True Copy of constitutional document (Memorandum and Articles of Association)</li> <li>Term Loan Agreement</li> <li>Deed of Hypothecation</li> <li>Mortgage related formalities to be complied as per Banks policy including Title Search, Valuation, ROC, Cersai etc.</li> <li>CHG1 to be filed</li> <li>Deed of Guarantee</li> <li>No Consideration Letter from Borrower</li> <li>CA Certified Net Worth Certificate of PG providers</li> <li>Signature verification of all authorized signatories</li> <li>Any other document as stipulated by the Bank from time to time</li> </ul>
Financial Covenants	<ul style="list-style-type: none"> <li>D : E &lt; 2.5</li> <li>TOL/TNW &lt; 2</li> </ul>

	<ul style="list-style-type: none"> <li>• FACR coverage of 2x</li> <li>• Min DSCR of 1.25 times</li> <li>• 100% cash flow to be routed with us.</li> <li>• 1 Qtr. DSRA</li> </ul>
Specific Conditions	<p><b><u>Common Covenants for all Term Loans</u></b></p> <ol style="list-style-type: none"> <li>a) Certificate from borrower confirming infusion of promoters' margin for the project prior to disbursement. Proportionate disbursement allowed.</li> <li>b) In case of a reimbursement TL, CA certificate confirming capex spent in the last 1 year, with a confirmation that these have not been funded through any external debt.</li> <li>c) Any cost escalation in the capex / further investment, to be met out of the additional equity or internal accruals of the company</li> <li>d) Any additional Term borrowing by the company from any other lender should have a tenure no lesser than that of the TL being granted by our Bank.</li> <li>e) Validity of TL: 7 years</li> <li>f) CA Certificate for end use of TL OR payments directly made to the supplier/vendor to be supported by invoices/payment receipts.</li> <li>g) Company would keep us informed of any event likely to have substantial effect on their profit or business.</li> </ol> <p>The Bank reserves the right to treat any breach of the covenants as an event of default.</p>
Other Conditions	<ul style="list-style-type: none"> <li>• Any further capex of INR 2 Crores p.a. (increase in Gross block + cap WIP in a year) involving sharing of charge to be done with prior written consent from HDFC Bank Ltd.</li> <li>• The company shall undertake not to divert long term loan for short term purposes</li> <li>• Details of any scheme of expansion / modernization / diversification / renovation or acquire any fixed assets (increase in gross block and capital work in progress), to be shared with the bank</li> <li>• Company to provide the details of the total project cost along with cost incurred till date and amount to be spent in order to complete the project</li> <li>• Company to provide CA certificate certifying the means of fund till date and source of the same</li> <li>• Company will not issue any corporate guarantee to associate concern or group concern</li> <li>• The company will keep the bank informed of the happening of any event likely to have substantial effect on their profit or business</li> <li>• During the currency of the bank's credit facility, the company will not without prior permission in writing: <ul style="list-style-type: none"> <li>○ Effect any change in company's shareholding structure, only within group shareholding change is permitted</li> <li>○ Diversification into non-core areas viz., business other than current business</li> <li>○ Undertake guarantee obligation on behalf of any other company/person</li> <li>○ Advance unsecured loans to the group companies/investment in</li> </ul> </li> </ul>



	<p>group company</p> <ul style="list-style-type: none"> <li>○ Monies brought/to be brought in by principal shareholders/directors/depositors/friends or relatives of the directors will not be allowed to be withdrawn without the bank's permission</li> <li>○ The company should not make any drastic changes in their promoter's set up without bank's permission</li> <li>○ Sell, assign, mortgage or otherwise dispose off any of the fixed asset which is deemed to be treated as scrap of the company</li> <li>○ No payment of dividend if there are any delays/defaults in principal of interest servicing</li> <li>○ Unsecured loans from directors/shareholders to remains subordinated to our exposure</li> <li>○ The company will not undertake any additional borrowings without the bank's prior written consent</li> </ul> <p>Breach of any of the above covenants would be considered as default and bank would reserve the right to recall all the outstanding immediately</p>
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Applicable Laws : Indian / New Delhi

#### Operational Terms and Conditions:

1.	Insurance	<ul style="list-style-type: none"> <li>• Firm has to ensure comprehensive insurance cover against all risks for primary security viz., entire stocks of raw materials, work-in-process, finished goods, consumable stores, spares and other movables.</li> <li>• Value of insurance policy should be equal to the value of the stocks at any point of time.</li> <li>• Any shortfall in the value of insurance cover shall be covered immediately by the company or by the Bank by debiting the former's operative account with the Bank.</li> <li>• The policies should be either in the joint names of the company and the Bank or bank's lien should be noted on the policies as first loss payee.</li> </ul>
2.	Valuation	To be paid by client as per Actuals
3.	Periodicity of submission of information to the Bank	<ul style="list-style-type: none"> <li>• Quarterly results within 45 days of quarter ending.</li> <li>• Annual Financial statement / Provisional results to be received within 90 days after the Financial year end</li> <li>• Audited results to be received within 180 days after the financial year end.</li> <li>• Non-submission or delayed submission of statements would attract penalty of Rs 500 for each day of delay</li> </ul>
4.	Creation of Charges	The Firm shall create/modify the charges in respect of credit facilities. The firm shall also Create/modify charges in respect of security offered (first charge / second charge / EMs etc.) for the credit limits within 30 days from the date of documentation for creation of security for the enhanced limits. In case charge is not created within 30 days, the Bank would be entitled to unilaterally file the charge with ROC. Any additional fees on account of such delay would be borne by the client.

5.	Processing Fees (non-refundable)	As Mutually Agreed
6.	Annual Renewal Fees	As Mutually Agreed
7.	ROC Filing Charges	To be paid by client as per Actuals
8.	Insurance charges	To be paid by client as per Actuals
9.	Solvency Certificate charges	As Mutually Agreed
10.	Foreclosure Charges	As Mutually Agreed
11.	Any other charges (please specify)	As Mutually Agreed