



The Chief General Manager

Maharashtra State Power Generation Company Limited

Plot No. G-9, Prakashgad, Anant Kanekar Marg,

Bandra East, Mumbai - 400051

IFBM/MSPGCL/2018-19/AMT-I/2328

भारतीय स्टेट बैंक
भारतीय स्टेट बैंक
STATE BANK OF INDIA

Date: 02.01.2020

Dear Sir,

ARRANGEMENT LETTER: SANCTION OF CREDIT FACILITIES

With reference to your application dated 22.10.2019 requesting us for renewal/ sanction WC limits as well as Bank's guidelines of the annual review of TL and subsequent correspondence in this regard, we have a pleasure in advising sanction of the following credit facilities, which are available subject to your acceptance/ fulfillment of the Terms and Conditions detailed in Annexure A, B, C, D, E, F, G & H.

Sanction for:

(Rs. in Crores)

Facility	Existing	Revised	Remarks
FBWC			
Cash Credit/WCL/ FCNB-DL)	1600.00	1600.00	Renewal at existing level
Sub-Total	1600.00	1600.00	
NFBWC			
Letter of Credit/ Stand by Letter of Credit	Nil	750.00	Fresh sanction of LC/SBLC limit
Bank Guarantee	Nil	(750.00)	Fresh sanction as sub limit within overall LC/SBLC limit
Forward Contract	(42.00)	(47.00)	Enhancement in limit as sub limit of FBWC limit
Sub-Total	Nil	750.00	
Term Loan			
Term Loan	1633.40	1633.40	Current outstanding of existing fully drawn TL.
Sub Total	1633.40	1633.40	
Total FB+NFB	3233.40	3983.40	

2. The appropriate authority has also accorded approval for:

I	Reset of pricing of Term Loan at 1.20% above 1 Y MCLR, present effective rate being 9.25% p.a. w.e.f. 15.10.2019 with monthly rests, subject to yearly reset
II	Reset of Pricing of Cash Credit at 1.10% above 1 Y MCLR, present effective rate being 9.00 % p.a. with monthly rests (w.e.f. 26.12.2019), subject to yearly reset. For WCL – At MCLR for respective tenor of 3 M/6 M (applicable at the time of each drawal) plus 1.10 % subject to utilization of minimum for 7 Days.
III	Continuation of swing option to FCNR-B –Demand Loan facility at the existing level on fully hedged basis, within, FBWC limits, subject to Price and Fund Angle Clearance from Global Markets Unit (GMU) of State Bank of India.



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औद्योगिक वित्त शाखा, मुंबई
बी-202, विंग-बी, 2 रा मजला,
परिनी क्रैसॅन्डो, प्लॉट नं. सी-38 व सी-39,
जी-ब्लॉक, बांद्रा कुर्ला कॉम्प्लेक्स,
बांद्रा (पूर्व), मुंबई - 400 051.

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Industrial Finance Branch, Mumbai
B-202, Wing-B, 2nd Floor,
Parinee Crescenzo, Plot No.C-38 & C-39,
G-Block, Bandra Kurla Complex,
Bandra (E), Mumbai - 400 051.

3. All the formalities of consortium documentation, including that of creation/ extension of Mortgage / hypothecation charge and also fulfillment of the pre-disbursal Conditions / stipulations to be completed before disbursement of NFB limits and amount of Rs.500 crs pending for disbursement in FBWC limits.

4. **Security:**

For FBWC	Type of Security
Primary	1 st hypothecation charge ranking pari-passu basis on the entire stocks and receivables of the Company both present and future.
Collateral	2 nd hypothecation charge ranking pari-passu basis on movable assets of the company including Plant & Machinery of Power Stations at Khaperkheda Unit 1, 2, 3 & 4. Additional Security - 1st charge ranking pari-passu basis with the consortium of working capital lenders lead by BOI over: i) Land, Building, Plant & Machinery and other assets of Chandrapur TPS Unit 3,4,5,6 & 7 ii). Movable assets of Sakhri Dhule Solar Plant, Dhule iii) Movable assets of Uran GTPS.
For Term Loan	Type of Security
Primary	A) 1 st Charge by way of Registered Mortgage of (Factory Land & Buildings). Total Area: 81.49 Hectares, Survey No. / House No. : Patwari Halka no. 54, Village / Town / City: Khaperkheda, District: Nagpur, State: Maharashtra, Pin Code: 441102, Centre Category: Rural. B) 1st charge on movable and immovable fixed assets at Khaperkheda Unit-5 (1 x 500MW) including without limitation its movable plant and machinery, equipment switching centers, telecommunication equipment, transmission towers, transmission equipments, hands sets together with its accessories, computer hardware, computer software, microwave radios, electronics spares, machinery spares, tools and accessories, and other movables both present and future., Make : Bharat Heavy Electricals Limited, Hypothecation of Plant & Machinery(Plant & Machinery).
Collateral	N.A.

5. The Bank reserves the right to revoke or cancel the facilities sanctioned and/or vary, alter, modify or rescind, amend or change at any time any one or more of the terms and conditions of the facilities at our discretion with such notice as the bank may deem reasonable and without assigning any reasons. The provision of these facilities is at the sole discretion of the Bank and any request for extension/enhancement/renewal of any of the facilities/limit is at the discretion of the bank and on fulfillment of such terms and conditions as prescribed by the Bank.
6. The Bank 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, and / or
- b) In case of deterioration in the loan account in any manner whatsoever, and/or
- c) In case of non compliance of terms and conditions of the sanction.



7. The Bank will have the right to share credit information as deemed appropriate with CIBIL or any other institution as approved by RBI from time to time. Accordingly, in terms of RBI's instructions, you are requested to furnish to us a consent letter indicating that you have no objection to our furnishing the data/information to CIBIL. Please find enclosed drafts of consent letter Annexure -'G' to be executed by you. Your consent letter should be on your Company's letterhead. The company should not induct into its Board a person whose name appears in the willful defaulters list of RBI/CIBIL (other than as a Nominee/Professional/Honorary Director). In case such a person is already on the Board of the borrowing company, it would take expeditious and effective steps for removal of that person from its Board.

8. The credit facilities are subject to asset verification at quarterly intervals either by external agency nominated by the Bank or by Bank Staff. The charges for such asset verification will be borne by the borrowers.

9. General Terms and Conditions are as under:

- The company has to obtain Credit Rating (ECR) from External Rating Agencies for entire banking exposure within 3 months from 26.12.2019.
- Bank will have a right to revise the terms of lending in case of deterioration of Financials/ ECR.
- Any cost/charge to Bank related with Unhedged Foreign Currency Exposure (As per RBI guidelines) to be borne by the Company.
- The sanction is valid from 26.12.2019 for further 12 months for working capital facility. The company should submit all the relevant data well in time i.e. before 2 month of the limit falling due for renewal to enable us to renew the limits in time. The company should also submit the data as and when called for by the bank.
- Company to submit an undertaking that, all its loan accounts are regular/standard and there are no statutory dues.
- Borrower to obtain the adequate project insurance (industrial all risk policy covering fire, earthquake, floods and accident). If there is any shortfall of all insurance cover, suitable indemnity as detailed in Annexure F to be provided.
- Valuation Report / Title Investigation Report in respect of additional securities to be provided by 15.01.2020.

10. **Validity of sanctions/ approvals:**

Facility	Validity
Validity of pricing for Working Capital sanction	Three months from the date of sanction i.e. w.e.f. 26.12.2019.

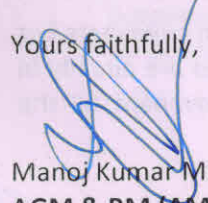
11. In terms of RBI Guidelines vide its notification dated 25.08.2016 on enhancing credit supply for Large Borrowers through market mechanism, the company is identified as Specified Borrower during FY 2018-19. Accordingly, any incremental borrowings beyond Net Permissible Lending Limit (NPLL) shall carry higher interest rate of 1.50% p.a. over and above the applicable rate of interest on the respective facility (CC, TL etc.) on the funds borrowed beyond NPLL from the Banking System



12. Losing of the citizenship of India or acquiring the citizenship of any other country of the promoters/ guarantors will be advised to the Bank in writing invariably.
13. The company shall familiarize itself with the directives/guidelines issued by RBI from time to time so far as it pertains to the maintaining of Bank accounts and credit facilities and complies with the same at all times.
14. Copies of Sanction letter and/ or a Certificate from auditors of the Company confirming details of all the borrowings including Bank wise Facility/ Limits sanctioned, Securities and Interest Rate charged to be provided every year.
15. The Borrower agrees that upon the account of the Borrower being categorised as Non Performing Asset (NPA) as per the extant Income Recognition and Asset Classification (IRAC) norms of RBI, the Borrower shall pay interest at the default rate per month on the entire outstanding amount of the loan for the period that the account shall remain NPA. Default rate shall mean the rate of interest over and above the MCLR or others as shall be applicable in case the Credit Risk Assessment (CRA) for an account is the highest (presently interest rate applicable to SB-15) as per norms of CRA linked interest rate applicable in the Bank.
16. The Borrower shall indemnify the Bank against all losses, costs, damages expenses whatsoever that the Bank may incur or sustain by reason of any fraud detected in or in respect of any loan or any other financial assistance granted or to be granted to a group company or group establishment of the Borrower or in respect of any security offered or documents executed in respect of such loan or other financial assistance. For the purpose of this clause, Group Company or group establishment means a subsidiary company or holding company or associate company or a joint venture or any other similar establishment in which the Borrower is having control, influence or substantial interest.
17. The company has been permitted to continue to maintain Current accounts with Non- Lenders namely Bank of Baroda , Union Bank of India , subject to periodical review and the company submits a declaration at quarterly intervals that all the collections/ receivables are routed through the lead bank / SBI/ other lenders and the accounts with the aforesaid banks are being used only for local payments / salaries /petty payments etc. The company has to make all the efforts to shift operations of the accounts with aforesaid banks to SBI/Lead Bank/ Other consortium lender banks.
18. The working capital facility and Term Loan will also be governed by the bank's Mandatory and Non-Mandatory covenants attached hereto. All other Terms & Conditions for Term Loan to the extent not amended herein below would remain unchanged.

We request you to please return the duplicate copy of this letter and annexure duly signed by authorized signatory of the Company 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, if required, for executing the necessary security documents along with certified copy of the Resolution for our record.

Yours faithfully,


Manoj Kumar Munde
AGM & RM (AMT - I)
Encl.: as above



MAHARASHTRA STATE POWER GENERATION CO LTD
TERMS AND CONDITIONS GOVERNING THE
FUND BASED WORKING CAPITAL LIMIT

1. **Limit:** Working Capital (Cash Credit/WCDL/ FCNB-DL) : Rs. 1600.00 Crores

2. **Primary Security** :

As mentioned on Point no. 4/Page 2 of this arrangement letter.

3. **Collateral Security** :

As mentioned on Point no. 4/Page 2 of this arrangement letter.

4. **Guarantee:**

Personal Guarantee: Not Applicable

Corporate Guarantee: Not Applicable

5. **Margins:**

Cash Credit	Existing	Revised(subject to approval from the WC consortium)
RM: Domestic	25.00%	10.00%
RM: Imported	25.00%	10.00%
Stores and Spares	25.00%	10.00%
Receivables	25.00%	10.00%

6. **Rate of Interest:**

As mentioned on Page 1 of this arrangement letter.

7. **Penal Rate of Interest:** Each of following events will attract penal interest at applicable rate as indicated, over and above the normal interest applicable in the account:

- Irregularities in cash credit accounts. – At the rate of 5 % per annum on irregular portion for the period of irregularity).
- Non-submission of stock statements- Rs. 1000 per day as delay beyond 25 days of the succeeding month to be considered as non-submission
- Non- submission of renewal data- 30 days before the renewal date ,a Flat charge of Rs 50,000/- upto the due date of renewal & flat charge of Rs 1,00,000/- pm thereafter , till the date of submission.
- Breach of any covenants which include all basic, negative and optional covenants but exclude those items of covenants for which specific penal interest rates are already in place: 1% on the entire outstanding from the date of breach of covenant till the breach is approved by sanctioning authority.



- In cases the company extends Corporate Guarantee to its associates/ others without Bank's approval: 1% on the entire outstanding from the date of execution of guarantee till post-facto approval by the sanctioning authority, if any.
- Penal interest at the rate of 2.00 % p.a. on the entire outstandings (over and above the aggregate penal interest communicated earlier) till such time the position is rectified for any type of diversion of funds.

8. **Basis of Valuation:**

- Raw Materials & Stores: At cost, current market rates, Government controlled rates or invoice rates, whichever is the lowest.
- Stocks-in-Process: Raw materials at cost plus factory overheads.
- Finished goods: At cost market rate, Government controlled rate, Company's selling price whichever be the lowest.
- Book debts: Invoice value.

9. **Documents:** As decided by the Working Capital Consortium Lenders.

10. **Stock Statement:** Monthly. It is essential that the outstanding borrowings at all times are fully covered by the value of hypothecated security less the stipulated margins. If, at any time drawing power yielded by the stocks, stores, etc. held by the Company falls below the amount borrowed, the Company should forthwith adjust such excess borrowings under advice to us. In order to ensure compliance with this requirement, it is necessary that appropriate books and records (e.g. a control ledger/register) are maintained by the Company showing relevant particulars on a day-to-day basis. It should be possible for the Company to watch the extent of the outstanding borrowings/liability vis-à-vis the stock position and for the Bank to verify at any future date the declarations and statements required to be submitted to it under the arrangement, on the basis of books and records maintained by the Company. Full amount of the outstanding usance bills received under our Letter of Credit and accepted by the borrowers will be deducted against the advance value of stocks and other eligible drawing power [including the stocks covered by the above referred usance bills]. Stock statement to be submitted on or before the 25th of the succeeding month failing which penalty of flat penalty at Rs. 5000/- per day of Delay will be recovered. A copy of Book Debt certified by the Auditors of the Company to be provided to us on a quarterly basis.

11. **Retention period of book debts:** Upto 360 Days for receivables of MSEDCL, in line with the Lead Bank sanction.

12. **Storage:** Stocks of raw materials eligible for drawings under the arrangement should be stored in the factory compound properly segregated lot wise, with the Bank's name board prominently displayed. Stocks of finished goods should be arranged in a methodical manner to facilitate instant verification.



13. **Bank Charges:**

Bank will recover the exchange/commission/discount and other usual service charges at the standard rates as applicable for different types of services. However, the following service charges will also be payable:

Processing & other Fees	<u>Processing Charges:</u> @ 0.35% p.a. on FB and NFB working capital limits with a cap of Rs. 35.00 Lacs plus applicable GST. Applicable Charges: Rs. 35,00,000/- + GST@18% = Rs. 41,30,000/- <u>Interchangeability Charges:</u> Rs. 50,000/- + GST@18% = Rs. 59,000/-				
Commitment Charges	Commitment charges are linked to ECR of the Borrower and shall be recovered on Average undrawn CC/OD limits on quarterly basis, as under:*				
	AAA	AA	A	BBB	BB & Below
	0.05%	0.10%	0.15%	0.30%	0.40%
*Bank will also be entitled to recover its standard service charges as amended / introduced from time to time.					

14. **Inspection:** Inspection at Half Yearly intervals of the Khaperkheda Unit – 5 and/or other units, office, work sites etc. as deemed necessary by the Bank. All the cost of such inspections shall be borne by the borrower.

15. **Other terms & conditions:**

- The facility is Repayable on Demand.
- The drawings in the account will be regulated within the Drawing Power fixed by the Lead Bank on the basis of stocks/ receivables statement submitted by the company.
- Enhanced limit to shall be released only after the creation/perfection of securities.
- In terms of RBI guidelines on Loan System for Delivery of Bank Credit, vide Notification No. RBI/2018-19/87 dated 05.12.2018; the FBWC limits sanctioned to your company shall be divided into Working Capital Loan (WCL) component and Cash Credit Component.

A minimum level of 'loan component' of 60% of the Fund based Working Capital Limits after excluding Export Credit Limits (Pre- and Post-shipment) and Inland Bill Limits is to be ensured. Drawings up a minimum of 60 percent of the total Fund Based Working Capital Limits shall be allowed by way of WCL only subject to availability of DP. Drawings beyond 60% may be allowed by way of Cash Credit facility subject to availability of DP.

16. **Registration of charges:** Charges created in favor of the Bank will be registered with the Registrar of Companies within 30 days from the date of creation.

16. **Period of advance:** 12 months w.e.f. 26.12.2019



MAHARASHTRA STATE POWER GENERATION CO LTD
TERMS AND CONDITIONS GOVERNING THE
LETTER OF CREDIT (LC) /STANDBY LETTER OF CREDIT (SBLC) LIMIT

1. **Limit** : Rs. 750.00 Crore
2. **Primary Security** : As mentioned on Point no. 4/Page 2 of this Arrangement letter.
3. **Collateral** : As mentioned on Point no. 4/Page 2 of this Arrangement letter.
4. **Margin** : Nil
5. **Charges**: As per card rate (Subject to change as per extant instructions).
6. **Purpose and Tenor of LC/SBLC** : Issuance of Letter of Credit upto one year for procurement of fuel. Issuance of SBLC upto 7 years in favor of Railways Authorities for e-freight facility , Maharashtra State Pollution Control Board , Irrigation Departments or any other Government Departments
7. **Documents** : As decided by the Working Capital Consortium Lenders.
8. **Other Terms and Conditions** :
 - i. Full amount of the outstanding usance bills received under our Letter of Credit and accepted by the borrowers will be earmarked [deducted] against the advance value of stocks and other eligible drawing power [including the stocks covered by the above referred usance bills]. Also whenever bills drawn under the L/C are received but the relative goods are not yet received lien [deduction] for the full amount of the outstanding bills as unforeseen will be earmarked against the advance value documents of title to goods received under our L/C.
 - ii. Stamped Letter of undertaking should be furnished to the Bank while applying for opening Letters of Credit in favor of indigenous/foreign suppliers.
 - iii. The Company should meet the obligations arising out of the bills drawn under the Letter of Credit opened by the Bank out of their own resources and/or from available drawing power within the existing credit facilities. No overdrawn will be permitted in this connection.
 - iv. Estimated Cash Flow Statement to be provided along with the application
9. **Period of Sanction** : 12 months w.e.f. 26.12.2019.



MAHARASHTRA STATE POWER GENERATION CO LTD
TERMS AND CONDITIONS GOVERNING THE
BANK GUARANTEE (BG) LIMIT

1. **Limit** : Rs. 750.00 Crore as a sub limit within overall LC/SBLC Limits
2. **Primary Security** : As mentioned on Point no. 4/Page 2 of this Arrangement letter.
3. **Collateral** : As mentioned on Point no. 4/Page 2 of this Arrangement letter.
4. **Margin** : Nil (100 % of matters under litigations/disputes)
5. **Charges** : As per card rate (Subject to change as per extant instructions).
6. **Documents** : As decided by the Working Capital Consortium Lenders.
7. **Other Terms and Conditions** :
 - i) BG to be issued in favor of Various Government Departments upto a maximum Period of 10 years (including claim period)
 - ii) Not automatic extension of BG will be allowed.
 - iii) Purpose of BG Performance / EMD/ Advance payment/ Bid Bond/ Security Deposit.
8. **Period of Sanction** : 12 months w.e.f. 26.12.2019.



MAHARASHTRA STATE POWER GENERATION COMPANY LIMITED
TERMS AND CONDITIONS GOVERNING
THE TERM LOAN

All Terms & Conditions for Term Loan governed by existing terms and conditions/ extant instructions as per Bank's policy to the extent not amended would remain unchanged.



MAHARASHTRA STATE POWER GENERATION CO LTD
TERMS AND CONDITIONS GOVERNING THE
FORWARD CONTRACT LIMIT/ DERIVATIVE LIMIT

Notional Limit: Rs. 47.00 Crores (On fully Hedged basis, the hedging cost will be borne by the Borrower) as a sub limit within the overall LC/SBLC limit

We have pleasure in advising that you have been sanctioned notional Forward Contract/ Derivative Limit of INR 47.00 Crore entailing Credit Exposure Limit (CEL) of Rs. 47.00 Crore as a sub-limit of FBWC limits on secured basis.

1. The Credit Exposure Limit (CEL) has been assessed based on your last three years actual turnover (Past Performance).
2. Any Transaction done without production of actual underlying at the time of booking would be marked off against the Past Performance (PP). Proof of underlying has to be provided before maturity/at the time of cancellation of the transactions. Transactions booked in excess of 75% of limit under past performance (without production of documentary evidence at the time of booking), are only on deliverable basis. Aggregate amount booked on PP basis during the financial year not to exceed the CEL. CA certifications as per RBI guidelines are to be submitted for availing the limit.
3. If a transaction is booked by producing documentary proof of the underlying, at the time of booking, it can be freely cancelled and rebooked.
4. However, total transactions outstanding at any point of time should not exceed the CEL, whether booked with or without production of proof of underlying at the time of booking.
5. The primary / collateral security will also cover the Forward Contract / Derivative limits in addition to the other limits sanctioned to you.
6. The Forward Contract / Derivative deals will be Marked-To-Market on a fortnightly basis and Aggregate Credit Exposure is computed as the 1) sum of all losses, ignoring the profit on deals and 2) Aggregate notional amount of each deal multiplied by relevant CCFs. Credit conversion Factors as recommended by RBI shall be used and these may vary as and when RBI modifies the CCFs.
7. In the event of failure to provide margin / additional collateral security as demanded by the Bank from time to time or failure to provide proof of underlying exposure or erosion of underlying provided, Bank reserves right to terminate the said deals, without further notice.
8. The loss / profit on account of the Forward Contract / Derivative deals will be debited/credited to the your account and the irregularities in the account, if any, will have to be regularized immediately.
9. The bank retains the right to terminate any or all of the deals in the event of default of your other accounts with the Bank.
10. The FC/ derivative limit is covered by:
 - i. Primary security.
 - ii. Collateral Security.
 - iii. Margin.



(This margin is exclusive of the margin requested in case CEL/CCE is exceeded as the case may be)

11. Utilization of the limit is subject to FEMA/RBI guidelines from time to time. An undertaking to adhere to these guidelines will have to be submitted to the Bank.
12. In this regard you are to execute/provide the following documents
 - a) ISDA Master Agreement.
 - b) Schedule to ISDA agreement.
 - c) Board Resolution duly authorizing the company and the authority structure for concluding the FC/Derivative Deals.
 - d) Risk Policy of the Company.
 - e) A request letter for conclusion of each deal & a risk disclosure statement.
 - f) Telephonic Indemnity.



MAHARASHTRA STATE POWER GENERATION CO. LTD.**MANDATORY COVENANTS:**

M1. The borrower should maintain adequate books of accounts, as per applicable accounting practices and standards, which should correctly reflect its financial position and scale of operations and should not radically change its accounting system without notice to the Bank.

M2. The borrower should submit to the Bank such financial statements as may be required by the Bank from time to time in addition to the set of such statements to be furnished by the borrower to the Bank as on the date of publication of the borrower's annual accounts.

M3. In case of default in repayment of the loan/advances or in the payment of the interest thereon or any of the agreed installments of the loan on due date(s) by the borrower, the Bank and/or the RBI will have an unqualified right to disclose or publish the borrower's name or the name of the borrower/unit and its directors/partners/proprietors as defaulters/willful defaulters in such manner and through such medium as the Bank or RBI in their absolute discretion may think fit.

M4. The Bank will have the right to share credit information as deemed appropriate with Credit Information Companies (CICs) or any other institution as approved by RBI from time to time.

M5. The borrower should not induct into its Board a person whose name appears in the willful defaulters list of RBI/ CICs. In case such a person is already on the Board of the borrowing company, it would take expeditious and effective steps for removal of that person from its Board. Nominee directors are excluded for this purpose.

M8. Bank will have the right to examine at all times the borrower's books of accounts and to have the borrower's factories inspected, from time to time, by officer(s) of the Bank and/or qualified auditors and/or technical experts and/or management consultants of the Bank's choice. Cost of such inspection shall be borne by the borrower.

M10. The borrower shall keep the Bank informed of the happening of any event likely to have a substantial effect on their profit or business: for instance, if, the monthly production or sales are substantially less than what had been indicated, the borrower shall immediately inform the Bank with explanations and the remedial steps taken and/or proposed to be taken. Further, for listed corporates, the borrower will inform the Bank simultaneously along with Stock Exchange(s). For the purpose of this covenant, substantial effect on their profit or business would mean adverse variance of 20% or more

M11. Maharashtra Government to maintain at least 51 % stake in the company during the currency of the loan. Effect any change in the borrower's capital structure where the shareholding of the existing promoter(s) result in change in management control from Government of Maharashtra without prior permission of the Bank & in such case involving change in management control, minimum 60 days prior notice shall be required.



M12. The borrower will utilize the funds for the purpose they have been lent. Any deviation will be dealt with as per RBI guidelines and terms of sanction.

M14. Only for Term Loans (> Rs 50 crores) – Covenants (in relation to the undernoted parameters) (i.e. DSCR, Int. Coverage, FACR, Debt/EBIDTA etc.) are to be stipulated for all term loans and these are required to be tested annually on the basis of Audited Balance Sheet (ABS). Penal interest will be charged in case of breach of any two of the four parameters vis-à-vis values as approved by the sanctioning authority in the sanction note. The penal interest will apply from the day after the date of ABS, and shall continue till the breach is cured. The details are as under:

Parameters	Benchmark for annual testing of financial covenants	Penalty for adverse deviation:	
DSCR	0.96	i. Upto 5%	Nil
Interest Coverage Ratio	1.73	ii. > 5% upto 10%	25 bps p.a.
FACR	1.43	iii. > 10% 50 bps p.a.	50 bps p.a.
Debt/ EBIDTA	< = 5.76		

M15. Each of the following events will attract penal interest/ charges as applicable, at rates circulated from time to time, over and above the normal interest applicable in the account:

- For the period of overdue interest/installment in respect of Term Loans and overdrawings above the Drawing Power/limit in Fund Based Working Capital accounts on account of interest/devolvement of Letters of Credit/Bank Guarantee, insufficient stocks and receivables etc.
- Non-submission of stock statements within 25 days of the succeeding month
- Non-submission of Audited Balance Sheet within 9 months of closure of financial year
- Non-submission/delayed submission of FFRs, wherever stipulated, within due date
- Non-submission of review/renewal data at least one month prior to due date
- Non-renewal of insurance policy(ies) in a timely manner or inadequate insurance cover.

M16. In the event of default, or where signs of inherent weakness are apparent, the Bank shall have the right to securitize the assets charged and in the event of such securitization, the Bank will suitably inform the borrower (s) and guarantor(s). In addition, the Bank shall have the right to novate/assign the assets charged.

M17. The borrower shall keep the Bank advised of any circumstance adversely affecting the financial position of subsidiaries/group companies or companies in which it has invested, including any action taken by any creditor against the said companies legally or otherwise.

Further, for the purpose of this covenant, "adversely affecting the financial position of subsidiaries/group companies or companies in which it has invested" would mean impact on TNW of the particular entity by 10% or more.



MANDATORY NEGATIVE COVENANTS:

The Borrower(s) shall give 60 day's prior notice to the Bank for undertaking any of the following activities to enable the Bank to take a view. If, in the opinion of the Bank, the move contemplated by the borrower is not in the interest of the Bank, the Bank will have the right of veto for the activity. Should the borrower still go ahead, despite the veto, the Bank shall have the right to call up the facilities sanctioned.

MN6. 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 is subsisting in any repayment obligations to the Bank.

MN7. Create any charge, lien or encumbrance over its undertaking or any part thereof (For which charge has already been created in favor of SBI) in favor of any financial institution, bank, company, firm or persons.

MN8. Create any charge, lien or encumbrance over the assets charged to us or any part thereof in favor of any financial institution, bank, company, firm or persons.

MN12. Transfer of controlling interest or making any drastic change in the management set-up including resignation of promoter directors (includes key managerial personnel) except in case of changes made in compliance of legal or regulatory requirement or directions of Government of Maharashtra. Maharashtra Government to maintain at least 51 % stake in the company during the currency of the loan.

MN14. Opening of new Current Account with another bank for collection of receivables.

MN15. Payment of commission to the guarantor(s) for guaranteeing the credit facilities sanctioned by the Bank.

In case of default to Bank or restructuring of loan, all "Mandatory Negative" covenants will become "Mandatory" covenants



Text of the Consent Clause to be executed by Borrowers/s

I/We understand that as a pre-condition, relating to grant of the loans/ advances/other non-fund-based credit facilities to me/us, the State Bank of India, requires my/our consent for the disclosure by the bank of, information and data relating to me/us, of the credit facility availed of/ to be availed by me/us obligations assumed/to be assumed, by me/us, in relation thereto and default, if any, committed by me/us, in discharge thereof.

2. Accordingly, I/We, hereby agree and give consent for the disclosure by the State Bank of India of all or any such:

- a. information and data relating to me/us;
- b. the information or data relating to any credit facility availed of/to be availed, by me/us, and
- c. default, if any, committed by me/us, in discharge of my/our such obligation,

as the State Bank of India may deem appropriate and necessary, to disclose and furnish to Credit Information Bureau (India) Ltd. and any other agency authorized in this behalf by RBI.

3. I/We, declare that the information and data furnished by me/us to the State Bank of India are true and correct.

4. I/We, undertake that:

- a. The credit information Bureau (India) Ltd. and any other agency so authorized may use, process the said information and data disclosed by the bank in the manner as deemed fit by them; and
- b. the Credit Information Bureau (India) Ltd. and any other agency so authorized may furnish for consideration, the processed information and data or products thereof prepared by them, to banks/financial institutions and other credit grantors or registered users, as may be specified by the Reserve Bank in this behalf.



INSURANCE INDEMNITY

[Stamped letter of indemnity for waiver of insurance]

The Branch Manager,
State Bank of India
Industrial Finance Branch – Mumbai

WHERE AS the State Bank of India (herein after referred to as "the Bank" which expression shall mean and include its successors and assigns) has sanctioned/granted us various banking credit/loan facilities aggregating at Rs. 3983.40 Cr as detailed below:

(Rs. in Crores)

Facility	Existing	Proposed	Remarks
FBWC			
Cash Credit/WCL/ FCNB-DL/CP)	1600.00	1600.00	Renewal at existing level
Sub-Total	1600.00	1600.00	
NFBWC			
Letter of Credit/ Stand by Letter of Credit	Nil	750.00	Fresh sanction of LC/SBLC limit
Bank Guarantee	Nil	(750.00)	Fresh sanction as sub limit within overall LC/SBLC limit
Forward Contract	(42.00)	(47.00)	Enhancement in limit as sub limit of FBWC limit
Sub-Total	Nil	750.00	
Term Loan			
Term Loan	1633.40	1633.40	Current outstanding of existing fully drawn TL.
Sub Total	1633.40	1633.40	
Total FB+NFB	3233.40	3983.40	

AND WHEREAS as security for payment of the amount due under the various banking credit/loan facilities as also all advances granted or to be granted to us by the Bank, we have hypothecated to the Bank the movable securities as detailed below :

For FBWC	Type of Security
Primary	1st hypothecation charge ranking pari-passu basis on the entire stocks and receivables of the Company both present and future.
Collateral	2nd hypothecation charge ranking pari-passu basis on movable assets of the company including Plant & Machinery of Power Stations at Khaperkheda Unit 1, 2, 3 & 4. 1st charge ranking pari-passu basis with the consortium of working capital lenders lead by BOI over: i) Land, Building, Plant & Machinery and other assets of Chandrapur TPS Unit 3,4,5,6 & 7 ii). Movable assets of Sakhri Dhule Solar Plant, Dhule iii) Movable assets of Uran GTPS.



For Term Loan	Type of Security
Primary	A) 1st Charge by way of Registered Mortgage of (Factory Land & Buildings). Total Area: 81.49 Hectares, Survey No. / House No. : Patwari Halka no. 54, Village / Town / City: Khaperkheda, District: Nagpur, State: Maharashtra, Pin Code: 441102, Centre Category: Rural. B) 1st charge on movable and immovable fixed assets at Khaperkheda Unit-5 (1 x 500MW) including without limitation its movable plant and machinery, equipment switching centers, telecommunication equipment, transmission towers, transmission equipments, hands sets together with its accessories, computer hardware, computer software, microwave radios, electronics spares, machinery spares, tools and accessories, and other movables both present and future., Make : Bharat Heavy Electricals Limited, Hypothecation of Plant & Machinery(Plant & Machinery).
Collateral	N.A.

AND WHEREAS one of the conditions of the Agreement is that we obtain the adequate insurance (industrial all risk policy covering fire, earthquake, floods and accident) to insure the aforesaid securities against the risk of loss or damage.

AND WHEREAS the Bank has at our request agreed to waive the said condition of insuring the said securities as aforesaid on our executing an Indemnity in the manner hereinafter appearing.

NOW in consideration of the premises, We, the undersigned do hereby so as to bind ourselves, executors and administrators/our successors and permitted assigns oblige ourselves to hold the Bank harmless and indemnified from and against all actions proceedings claims and demands, duties, penalties, taxes, losses, damages, costs (as between attorney and client) charges, expenses and other liabilities whatsoever which may be made or brought against or sustained or incurred by the Bank (and whether paid by the Bank or not) by reason of or as a consequence of the Bank having agreed to waive the said condition with regard to our insuring the said property as aforesaid.

AND we unconditionally and irrevocably agree that the Bank may at its sole absolute and unqualified discretion take out insurance against the risk of loss or damage of the said property as and when it considers necessary and we unconditionally and irrevocably agree and undertake to pay to the Bank immediately on demand the amount of the premia payable in respect of such insurance (and whether paid by the Bank or not) and upon our failure to pay the same debit the same to our account.

AND we further expressly agree and declare that the Bank shall be entitled at its sole, absolute and unqualified discretion to adjust, settle compromise or refer to arbitration

Any dispute arising under or in connection with the policy of insurance in respect of the said property and such adjustment, settlement, compromise and any award made on such arbitration shall be valid and binding on us.

Dated this ____ day of _____, 2020

Signature: _____

Name: _____

