State Bank of India,
SMECCC, Cuttack,
College Square
Cuttack -753003
Tel No:0671-2647658
Fax:0671-2647659

LETTER OF ARRANGEMENT

SME-1

(To be issued in duplicate)
(To be stamped as an Agreement)

To
Justice Indrajit Mahanty

Reg Office: 3,Barister Ranjit Mahanty Marg
Cuttack-753002
Hotel Complex Address: Plot No.280/1038 & 280/1558
Buxibazar,Opposite to pantha Niwas,Cuttack

(Borrower's name & address)
Letter No.: Sanction / AGM/08-09 / 44

Date: 16.02.2009

Dear Sir,

ADVANCES TO SME SEGMENT
SANCTION OF CREDIT FACILITIES

With reference to your application dated 15.01.2009 requesting us for sanction of Working Capital Limit and subsequent correspondence in this regard, we have pleasure in advising sanction of the following credit facilities which are available subject to your acceptance / fulfillment of the Terms and Conditions detailed in Annexures A & B:

(Rs. in Crores)

Sl.No.	FACILITY	LIMIT
A:	FUND BASED LIMITS	1.60
a	Term Loan-I	0.90
	Term Loan-II	Nil
b	Cash Credit	2.50
	Total Fund Based Limits	
B:	NON –FUND BASED LIMITS	Nil
a	Bank Guarantee	Nil
b	Letter of Credit	Nil
	Total Non Fund Based Limits	2.50
	TOTAL LIMITS	

(Please furnish particulars of inter-changeability between limits, if any)

We are forwarding this letter in duplicate along with Annexures A & B and shall be glad if you return to us the originals duly signed by you and the guarantors in token of having accepted the Terms and Conditions, below the words "We Accept" appearing at the end of the Annexures and retain the duplicate thereof for your record.

Thereafter, you may call on us with guarantor ,preferably with prior appointment, to execute the documents in this regard.

Assuring you of our best services at all times.

Yours faithfully,

ASST.GENERAL MANAGER
Encl.: Terms and Conditions – Annexures A & B (No. of pages : 8)

TERMS AND CONDITIONS
ANNEXURE A

1. **SECURITY:**

	LIMIT	PRIMARY SECURITY
Fund Based: Term Loan-I Term Loan-II	Rs 1.60 lacs Rs 0.90 lacs	Charge on Assets created out of bank finance
Cash Credit	Nil	NA
Non Fund Based: BG LC	Nil Nil	NA NA

COLLATERAL SECURITY

Name of the owner	Mouza	Khata	Plot	Area(acre)	Kisam	Value (Rs.in crores)
Justice Indrajit Mahanty	Cuttack Sahar Unit-11 Chhya Bazar	313/111	280/1038	0.166 dec.5 Kadi	Gharabari	0.97
			280 1558	0.049 Dec	Gharabari	
			Total -Rs 0.97 crores			

Third Party Guarantee : N

2. PERIOD OF ADVANCE & REPAYMENT TERMS:
Working Capital: Not Applicable

Term Loan: To be availed within a period of 6 months from the date of sanction.
The Term Loan is to be repaid as per the following repayment schedule:
Principal amount of Term Loan will be repaid as per the negotiated monthly instalment as the following w.e.f April'2009. The borrower has to serve the interest portion as and when due during the moratorium period and repayment period.

First Year & Second Year(April'09 to March 2011)	: Rs 1.60 lacs per month
Third Year & Fourth Year (April'2011 to March 2013)	: Rs 1.90 lacs per month
Fifth Year & Sixth Year (April 2013 to March'2015)	: Rs 2.50 lacs per month
Seventh Year (April'15 to March'17)	: Rs 2.80 lacs per month
Eighth Year (April'2016 to March'2017)	: Rs 2.85 lacs per month
Ninth year	: Rs 3.18 lacs per month

Others: Interest shall be payable on the outstandings in the loan accounts computed on daily balances basis duly compounded and debited to the accounts at monthly rests on the last working day of every month, in accordance with the accounting practices of the Bank from time to time. Commitment charges, as applicable, shall be payable in case of non-utilisation of sanctioned limits.
Pre payment charges,as applicable,shall be payble in case of pre-payment of Term Loan instalments.

3. RATE OF INTEREST:
Working Capital: Not Applicable
Term Loan: Interest at 0.75 % below SBAR(SBAR= 12.25% w.e.f Dt. 01.01.2009) on daily products with monthly rests. Present effective rate: 11.50% p.a.
Enhanced Interest:
a) Enhanced rate of 2 % will be charged on the excess drawings in case any irregularity / breach is upto 60 days, and if it exceeds beyond 60 days, on the entire outstandings from the date of irregularity / breach. Enhanced interest will be compounded monthly. Not Applicable
b) The Bank shall also be entitled to charge at its discretion, enhanced interest rates on the accounts either on the entire outstandings or on a portion thereof, for any irregularity including non-observance or non-compliance of the Terms and Conditions of the advances, for such period as the Bank deems it necessary.

4. MARGINS:

Sl.	ITEM	MARGIN(IN %)
A	FUND BASED LIMITS	
a	Raw Materials : Imported	NA
b	Raw Materials : Indigenous	NA
c	Semi-Finished Goods	NA
d	Finished Goods	NA
e	Components/Consumables/spares	NA
f	Domestic Receivables (cover period - 90 days)	NA
g	Export Packing Credit	NA
h	Term Loan	33.77%
B	NON FUND BASED LIMITS	
a	Letter of Credit	NA
b	Bank Guarantee	NA

5. TENOR / RETENTION PERIOD OF BILLS: Not Applicable

6. INSURANCE:

Insurance for full market value of the property to be mortgaged with the bank's clause incorporated will be obtained. All the assets charged to the Bank should always be fully insured by the Borrower against fire, lightning, riots, strikes, floods, cyclones, earthquakes, civil commotion, and other natural calamities, etc., with a company approved by the Bank in the joint names of the Bank and yourselves, at your cost for full market value or Bank's interest, whichever is higher. The policies/ cover notes should be lodged with the Bank. The policies should be kept alive (current) during the currency of the advance. In the event of non-compliance, the Bank reserves the right (but not be bound to exercise) to take the insurance cover as required by the Bank by debit to your account. Likewise all the renewals of the policies should also be effected /done by the Borrower at all materials.

7. CREDIT GUARANTEE COVER: NA

8. STOCK STATEMENTS: NA

9. INSPECTIONS:
The frequency of inspection shall be monthly. Inspection charges shall be borne by the unit. During the implementation period of the project, disbursal will be done after proper inspection of the progress of the work. However, the bank may at its discretion carry out inspection of the unit at any point of time, not necessarily according to the above schedule and by any other functionary.

10. VALUATION OF INVENTORY:

ITEM	ITEM TO BE VALUED AT
Imported Raw Material	NA
Indigenous Raw Material, Packing materials, consumable stores and spares	NA
Finished Goods	NA

11. SECURITY DOCUMENTS:
The following security documents shall be executed by you
a) Agreement of Loan-cum-Hypothecation
b) Mortgage documents
c) Any other documents as may be required by the Bank

12. OPEN TERM LOAN: NA

We accept

Guarantor

Borrower

TERMS & CONDITIONS
ANNEXURE B

a)Disbursement will be made only after completion of security documentation and formalities in respect of mortgage creation / exte ision.

b) The additional TL ai iount may be permitted to be disbursed on reimbursement basis as per the utilization certificate of the Project ngineer(M.M Engineers and Consultants)

c) The Bank will have ie right to examine at all times the Unit's books of account and to have the Unit's factories / offices / show ooms inspected from time to time by the officials of the Bank and / or qualified auditors and / or technical experts and / or management consultants or other persons of the Bank's choice.

d) License Terminatio with Latest Generation Entertainment Pvt Ltd (LGEPL) will require bank's prior permission. No addition / alteration in project lay out will be allowed without Bank's permission.

e) The Unit should main ain adequate books and records which should correctly reflect their financial position and scope of operations ind should submit at stipulated intervals such statements as may be prescribed by the Bank. The Unit should p duce books of accounts for the inspection of Bank staff as and when called for.

f) The Unit should subm provisional financial statements within one month and audited financial statements with i three months from the date of closure of the accounting year. The returns submitted to the Sales Tax and Inc ne Tax authorities should also be submitted to the Bank.

g) The Unit should confi its entire business including foreign exchange business to us.

h) The Bank will have th option of appointing its nominee on the Board of Directors of the Unit to look after its interests.

h) The Capital invested the business by the proprietor should not be withdrawn during the currency of our advance.

i) The Unit should keep the Bank informed of the happening of any event likely to have a substantial effect on their profits or business a d the remedial measures taken in this regard

j) a.Bank will have a first charge on the rentals of the unit after provision for taxation for repayment of instalments under term loans due from the unit to the Bank.

b. In case of default in repayment of the loan or in the payment of the interest thereon or any of the agreed instalments of the loan on due date by the borrower, the Bank and / or the RBI will have an unqualified right to disclose or publish the borrower's name as defaulter in such manner and through such medium as the Bank or RBI in their absolute

k) After accounting for provision for taxation, the Bank will have the first charge on the profits of the Unit towards repayment of instalments under Term Loans sanctioned / DPGs executed by the Bank or other repayment obligations, interest and any other dues from the Unit to the Bank.

l) The proprietor / partners / directors should not withdraw the profits earned in the business /capital invested in the business without meeting the instalment(s) payable under the Term Loan

m) All moneys raised by way of deposits from friends, relatives and / or from any other source should not be withdrawn / repaid during the currency of the Bank's advance. Suitable stamped letters of undertaking from the Unit and 'No Withdrawal' letters from the depositors should be submitted to this effect to the Bank.

n) The Bank's name board(s) should be displayed prominently or painted on the machines pledged / hypothecated to the Bank and / or in the premises where the machines are installed and a list of such assets should also be displayed in the Unit.

o) The Unit and other depositors of title deeds should possess a clear, absolute and marketable title to the properties proposed to be legally / equitably mortgaged in favour of the Bank to satisfaction of the Bank's solicitors / advocates. Further, the said properties are to be revalued as and when required at your cost.

p) Any legal expenses such as a solicitor's / advocate's fees, stamp duty, registration charges and other incidental expenses incurred in connection with the advance should be borne by the Unit.

q) In respect of creation of Equitable Mortgage over the property offered as collateral security to the Bank, a charge of Rs • will be levied.

r) Upfront fee at the rate 1 25% of limits sanctioned i.e. will be charged in respect of Term Loan.

s) If the Credit Rating awarded to the Unit is below SB-10 ,the risk rating will be reviewed half-yearly. The Unit should provide necessary information to facilitate such a review. In the absence of half-yearly review for want of such information, the risk rating will automatically slip by one step.

t) In respect of Term Loans enhanced rate of interest is payable under the following circumstances:

a) Non-payment of interest instalments

b) Cross default

c) Adverse deviation by more than 20% from stipulated level in respect of any two of the following items : (i) Current Ratio , (ii) TOL / TNW ,(iii) Interest Coverage Ratio

u) During the currency of the Bank's credit facilities, the unit will not, without the Bank's prior permission in writing:

i) Effect any change in the Unit's capital structure.

ii) Implement any scheme o expansion / modernization / diversification / renovation or acquire any fixed assets during any accounting year, except such schemes which have already been approved by the Bank.

iii) Formulate any scheme of amalgamation or reconstruction.

iv) Invest by way of share capital or lend or advance funds to or place deposits with any other concern, including sister / associate / family / subsidiary / ...