

FORM NO.SEC/I/INV-1/1

Learned Advocates of the Borrower should interalia keep the following points in view while finalising his report on title on the immovable properties offered as security for the loan :

1. The vendors of the land to the Company had good and marketable title to the lands sold to the Company and wherever, permission of the State Govt./other authorities was required as per applicable laws, the same had been obtained before conveying the land to the Borrower Company.
2. If the promoters/directors/ vendors happen to have sold the land to the Company and vendors/promoters have acquired the land from the previous vendors consideration money paid by the Company to the promoters/vendors and by the vendors to previous promoters/vendors may please be indicated in the Report alongwith confirmation from the Statutory Auditors (not other Chartered Accountants) that the borrower has complied with the provisions of the Companies Act for taking land on lease hold/free hold basis from the directors/promoters who are interested in these transactions. In case there is substantial difference in the consideration money paid by the borrowers to the promoters/Vendors and by the promoters/vendors to the previous vendors, the same should be suitably explained in the report.
3. It will need to be ensured that the consideration money paid to the vendors by the borrowers is mentioned in the report with reference to the acreage of land, location and the stamp duty paid thereon. This is necessary for reconciling the cost of the land with reference to the cost as mentioned in the total cost of the project as approved by IREDA.
4. It is ensured that the Sale Deeds/Conveyance Deeds/Lease Deeds are executed by the executants entitled to execute the documents in their own rights. In case the documents of title have been executed by the Constituted Attorney, it is ensured that General Power of Attorney is suitably worded and is registered with concerned Sub-Registrar. In cases where the documents of title are executed by a Society or a Company incorporated under the Companies Act, it is ensured that the executants have power to sign the documents supported by the Board Resolutions and in cases where documents of title are signed by Constituted Attorney on behalf of a Company, it is ensured that the Common Seal is affixed on the Power of Attorney in favour of Constituted Attorney supported by the Board Resolutions as required under the Companies Act (Section 48) and this should be suitably mentioned in the Report.
5. the owner of the land viz. the Company is in possession of original documents of title, prior documents of title, connecting chain of title for the last 30 years.
6. It has been ensured that photographs of the vendors and vendees have been affixed on the original Sale Deeds before the same were executed and registered by the Sub-Registrar.

7. It is ensured that Sale Deeds/Lease Deeds/Conveyance Deeds are executed by the vendors in favour of the borrower Companies as Vendees and **not in the name of their directors/Executives** ; it has been noted in few cases that Sale Deeds are executed in the name of, Managing Director of M/s This is not correct.
8. that name of the Company has been mutated in the revenue records/other records and chittas etc. have been issued in the name of the Company
9. land abuts public road
10. permission for non agricultural use of the land has been obtained before acquiring the land unless the Advocates are satisfied that such permission can be obtained subsequently and if so, Advocates may kindly advise as to what safeguards IREDA should take before taking mortgage of such properties and that the Company has already moved an application to the Competent Authority for requisite permission.
11. all revenue and other taxes have been paid up to date.
12. The lands are not agricultural lands with the meaning of State Laws.
13. In case minor's interests are involved, whether the permission of the Competent Court has been obtained before affecting the sale of the land.
14. In case the lands are ancestral lands, it has been ensured that the Sale Deeds have been signed by the Karta of the family and all major co-parceners have signed the Sale Deeds and sale has been made for legal necessity and for the benefit of the estate.
15. the lands acquired by the Company are not subject to any litigation/attachments etc and the same are free from encumbrances
16. The Company has obtained permission of prescribed authority of the State Govt. for mortgaging the land in favour of IREDA as per State Laws especially when the lands are situated in hilly/tribal areas and there are no impediments in creating valid mortgage in favour of IREDA.
17. the owner can create valid mortgage in favour of IREDA and
18. whether any further safeguards are to be taken by IREDA while accepting the mortgage by deposit of title deeds.
19. Steps taken by the Company for having boundary wall/barbered fencing around the land.

20. The lands acquired by the Company are in conformity with the provisions of State Laws.
21. If a borrower has acquired the land on long term lease for 30 years, it is ensured that the Lease Deed contains inbuilt permission to mortgage in favour of Banks and Public Financial Institutions including IREDA and also provide for giving sufficient notice of 180 days to IREDA before exercising the rights for resumption of land for any reason whatsoever and Lease Deed is stamped on ad-valorem basis and is duly registered with the concerned Sub-Registrar both Govt. and private leases for a period exceeding one year are required to be registered compulsorily under the Indian Registration Act.
22. In case the lands have been acquired from State Govt. to certify that the Conveyance Deed/Lease Deed has been executed in conformity with Article 299 of the Constitution of India and that the Conveyance Deed/Lease Deed contains inbuilt provisions permitting mortgage of the land in favour of IREDA and that the Govt. shall give notice of 180 days to IREDA before exercising the right for resumption of land for any reason whatsoever.
23. Site plan of the land offered as security should be annexed to the Report.
24. The Advocates may kindly certify that the Borrower has good and marketable title to the lands offered as security and that no further approval from the State Govt. and/or under applicable laws is required for mortgaging the lands in favour of IREDA and the Borrower can create valid mortgage in favour of IREDA.

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Note :

If the report on title on the properties is not on the property of the Borrower but on the properties owned by the promoters of the Borrower and offered as collateral security, reports may please be finalised accordingly.