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MEMORANDUM FOR SANCTION/APPROVAL OF ZLCC

Proposal No.	AGRSME: C&IC: 21/40
Date	11.05.2015

Branch :	Agra SME	Zone :	Agra
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1.	Name of Account	M/s Buland Housing Private Limited							
2.	Constitution	Pvt. Ltd Co.							
3.	Business/Activity:	Construction of residential apartments.							
SBU		Facility Code :			1	4	2		
Sector		Borrower Code:			4	0			
Occupation		Purpose Code:			4	5	0	0	4
Sp. Cat. Code		Industry Code:			1	7	2		
Scheme		Free Code :			3	5	1		
4.	Established in	10.11.2006	5.	Advance since:	13.03.2014				
6.	If the account is new, name of the earlier Banker: N. A.								
		Present	Proposed						
7.	a) Borrower Risk Grade ( BRG ) b) Adjusted BRG c) Borrower Pricing Grade d) External Credit Rating e) Risk Weight	RE-5	RE – 4 overall	8.	Asset Code: (No./Description)	New account			
9.	Group	No specific group.							
10.a	Chief Executive/ Promoter Directors	Shri Phundilal Sharma – MD/ Promoter Director.							
10b	Management	<p>Presently there are 2 Directors as follows:</p> <p><b>1. Shri Phundilal Sharma:</b> Shri Phundilal Sharma aged 49 years is a promoter director / managing director of the company. Shri Phundi lal Sharma has vast experience in the field of real estate business, and is a well known entrepreneur of Agra. The company in his leadership has undertaken several Real Estate projects detailed in para 39.4 of this memorandum.</p> <p><b>2. Smt. Kamla Sharma:</b> Smt. Kamla Sharma is wife of Shri P. L. Sharma and also a promoter / director of this company. She is engaged in assisting her husband in running family businesses. Smt. Kamla Sharma also has a proprietary business of Security Services in the name of M/s Industrial Security Enterprises.</p> <p>Apart from the directors, the company has employed professionals and others for implementation of several housing projects.</p>							
11 a	Consortium	N.A	Leader/ Share	NA	Our Share	NA	Other Banks/ Share	(names of all banks &	



								shares)
11b	Multiple Banking Arrangements	N.A	Main Banker/ Share	NA	Our Share	NA	Other Banks/ Share	Nil
11c	Sole banking		Yes					

**PRESENT REFERENCE:**

12.	Last Sanction / Review: Sanction of a new term loan of Rs. 10.00 crores for construction of residential project styled "Buland City". Sanctioned ZLCC 10.03.2014.  NBG Approval: Administrative clearance for CRE exposure of Rs. 10.00 crores for proposed project styled "Buland Vatika" obtained from ACC in its meeting held on 22.04.2015 vide IOM No: C&IC: PKD: 219 dated 22.04.2015.
13.	<b>Present Request:</b> <ul style="list-style-type: none"> <li>Request for review of existing term loan at existing Drawing limit level.</li> <li>Request for sanction of Term loan of Rs. 10.00 crores for construction of 72 residential flats comprising 2 &amp; 3 BHK apartments in G+2 floors, &amp; 85 Duplex Houses in project styled "Buland Vatika".</li> <li>Approval of RE – 4 rating of advance.</li> <li>Approval of project for financing retail housing loans.</li> <li>1.00% concession in applicable ROI.</li> <li>50% concession in applicable Processing charges.</li> </ul>

**FACILITIES:**

(Rs. in crores)

14a	Limits	Existing	Proposed	Inc.(+)/Dec.(-) in limits	Pricing* ROI/Commission	O/s	Over - dues
	Term Loan for project "Buland City"	10.00	10.00	---	Concessional ROI @ 13.35% as per para 34 of this memorandum.	@8.49	---
	Term Loan for project "Buland Vatika"	---	10.00	(+) 10.00		---	---
	NFB - IBG	1.50	1.50	---		1.50	---
	<b>Total :</b>	<b>11.50</b>	<b>21.50</b>	<b>(+) 10.00</b>		<b>9.99</b>	<b>---</b>
	@ Limit not disbursed fully. Pending disbursement is Rs. 0.42 crores. Advance repayments, due to sale of residential flats have been received and credited to the existing project loan account.						



14a	Repayment of Term Loan	<p><b>Term Loan (for project "Buland City"):</b> The existing term loan for Rs. 10.00 crores is repayable in 24 monthly instalments of Rs. 41.67 lacs commencing from July -2015 and last instalment payable in June-2017. Door to door tenure is 43 months. Interest is to be serviced as and when applied in the account, including the interest applied during moratorium period.</p> <p><b>Term Loan (for project "Buland Vatika"):</b> As per implementation schedule, the project is scheduled to be completed by March 2017. As per cash flow statement submitted by the company, the company has proposed to repay entire loan in 30 monthly installments of Rs. 33.33 Lacs each commencing from July – 2017 last installment payable in December – 2019 for Rs. 33.43 Lacs. Interest shall be serviced as and when applied, including the interest applied during moratorium period. The door to door tenor is 56 months.</p>
14b	Purpose	<p>The earlier term loan for Rs. 10.00 crores has been granted for construction of its residential project styled "Buland City".</p> <p>The proposed term loan for Rs. 10.00 crores is required for construction of 72 residential flats comprising 2 &amp; 3 BHK apartments in G+2 floors, &amp; 85 Duplex Houses in project styled "Buland Vatika".</p> <p>IBG limit is required for purchase of construction material through NSSIC (National Small Scale Industries Corporation).</p>

**15. Security:**

(Rs in crores)

Security	Particulars	Date of valuation	Value Our Present	Total share Proposed
Principal	Extension of EQM of land admeasuring 21930 sq. Mtrs (2.2486 hectares) owned by the company situated at Khata No. 183, Khasra No. 145, Mauja Kalal Kheriya, Agra. Valued at Rs. 17.08 Crores as per valuation Report dated 31.01.2015 of Bank's approved valuer Sh. Pradeep Potdar	25.02.2014 31.01.2015	/	11.44 + # 23.46
# Total cost of construction for the proposed project. Construction cost of the project has been vetted by our approved Chartered Engineer Shri Pradeep Potdar vide his certificate dated 09.05.2015.				
	2. Pledge of TDR for 20% margin for IBG limit.		0.30	0.30
	<b>Total Principal Security</b>			<b>40.84</b>



	Collateral	1. EQM of one Residential Flat (Pant House) No. 707, on 6 <sup>th</sup> and 7 <sup>th</sup> Floor, in Tower No. 3, Buland Valley, Tajnagri Phase I, Agra owned by Shri Shivam Sharma s/o Shri Phundilal Sharma, proposed as a guarantor, admeasuring 191.74 sq. Mtr.	31.01.2015	---	0.98
		2. EQM of one Residential Flat No. 606, on 5 <sup>th</sup> Floor, in Tower No. 3, Buland Valley, Tajnagri Phase I, Agra owned by Smt. Uma Sharma d/o Shri Phundilal Sharma, proposed as a guarantor, admeasuring 159.20 sq. Mtr.	31.01.2015	---	0.72
		3. Extension of EQM of land and building admeasuring 11882 sq. mtrs on 7 adjoining plots of project styled "Buland City", situated at Khasra No's 656 & 658, Deepesh Dham (New name Buland City), Nagla Arhar, Village Basai Mustaquil, Fatehabad Road, Near TDI City, Tehsil and District Agra, owned by the company.	25.02.2014 – For land / 31.01.2015 For land and existing construction.	13.64	31.63
		<b>Total Collateral</b>		---	33.33
		<b>Total Security</b>		---	74.17

Interim title search report for the properties already mortgaged with us, and fresh title search reports for the properties proposed to be mortgaged, shall be obtained prior to convey of sanction to the company for proposed term loan.

**Asset Coverage Ratio: 3.45**

**Collateral Coverage Ratio: 1.55**

**16 Directors/Guarantors:**

	Directors/Guarantors' name	Assets	Liabilities	Net worth	(Rs in crores) Basis
	Shri Phundilal Sharma	21.31	1.42	19.89	CBD-23 of directors / guarantors dated 30.04.2015, supported by net worth statement as on 31.03.14 duly verified by CA.
	Smt Kamla Sharma	2.40	---	2.40	
	Shri Shivam Sharma	1.40	0.60	0.80	



Ms. Uma Sharma	1.12	---	1.12
Total	26.23	2.02	24.21

### 17. CONDUCT/VALUE OF ACCOUNT:

17 Conduct of the account: New Account.  
 a) Cheques returned during the year under review for financial reasons: N. A.  
 b) LC devolved: NA. BG invoked: NA

### 18. FINANCIAL INDICATORS:

(Rs in crores)

	2013 Audited	2014 Audited	2015 Provsnl	2016 Projctd	2017 Projctd
Paid up capital					
-Equity	0.32	0.76	0.76	0.76	0.76
- Preference Share					
Tangible Net Worth	1.72	4.46	5.77	10.24	16.14
Adjusted TNW	1.72	4.46	5.77	10.24	16.14
Medium & Long Term Loan	6.05	10.81	13.64	14.57	16.34
Capital Employed	7.77	15.27	19.41	24.81	32.48
Current Assets	32.59	34.33	34.61	36.67	47.14
Current Liabilities	33.62	27.87	22.89	20.81	24.08
NWC (g-h)	-1.03	6.46	11.72	15.86	23.06
Net Block	1.52	1.73	2.14	3.39	3.87
Net Sales	4.98	12.90	15.91	26.98	22.61
Other income	0.07	0.26	0.29	0.43	0.54
EBIDTA	0.69	1.42	3.72	8.11	10.01
Interest	0.36	0.63	2.01	2.35	2.39
Gross Profit / (Loss)	0.33	0.79	1.71	5.76	7.62
Taxes	0.07	0.15	0.31	1.05	1.39
Cash Accruals	0.27	0.65	1.41	4.72	6.23
Depreciation	0.04	0.05	0.10	0.25	0.33
Net profit / (Loss)	0.23	0.60	1.31	4.47	5.90
Accumulated Losses	0.17	nil	nil	nil	nil
Net Profit/Capital Employed (%)	2.96	3.93	6.75	18.02	18.17
<b>Ratios</b>					
Current Ratio	0.97	1.23	1.51	1.76	1.96
Debt/Equity:					
Total Term Liab./ATNW	3.52	2.42	2.36	1.42	1.01
Total Outside Liab./ATNW	23.06	8.67	6.33	3.45	2.50
TOL/Quasi Equity	10.90	3.85	2.66	1.46	1.22
Profitability %:	4.62	4.65	8.23	16.57	26.09



PAT/Net Sale (%)					
DSCR					
Interest coverage	1.92	2.25	1.85	3.45	4.19

#### **19. COMMENTS ON FINANCIAL POSITION:**

The company has been incorporated on 10.11.2006 with its main object of real estate developers, builders etc. This is the third project of the company. Company has requested for review of its existing project loan for "Buland City" project and granting of a new term loan for its another project styled "Buland Vatika". Company has provided its audited BS for year ended Mar-14, provisional financials for last year, estimates for this year and projections for further years covering entire period for proposed project.

Based on these financial statements, company's financial position is assessed as follows:

**19.1 Paid up Capital/TNW:** The authorized capital of the company is Rs. 1.00 crores. As per audited financials of the company for year ended Mar-14, the paid up capital of the company is Rs. 0.76 crores. As on 31.03.2013, paid up capital level was Rs. 0.32 crores. TNW of the company as on 31.03.2014 is Rs. 4.46 crores. The same has increased from the level of Rs. 1.72 crores as on 31.03.13.

Based on provisional financials of the company as on 31.03.15, paid up capital is Rs. 0.76 crores and TNW is Rs. 5.77 crores. The increase in TNW is due to increase in paid up capital, security premium amount and plough back of profits in business. This year TNW is estimated at Rs. 10.24 crores due to plough back of profits. TNW is estimated to improve over the years with plough back of profits and increase in internal accruals of the company, which is due to booking of sale in the present 2 projects of the company namely "Buland Valley" and "Buland City".

Apart from the above, the company has invested unsecured loans in business amounting to Rs. 4.44 crores as on 31.03.2014 as per audited financials. Based on provisional financials for last year the level is Rs. 7.33 crores. These unsecured loans are from directors and their other group companies. This level is estimated / projected at Rs. 8.33 crores and Rs. 9.33 crores for this year and next year respectively.

**19.2 Sales:** The Company books sale revenue for its projects from advance bookings received from its customer's, based on Guidance Note on Accounting for Real Estate Transactions issued by the Institute of Chartered Accountants of India. Accordingly the company is following percentage of completion method for projects. Company is recognizing revenue as the construction activity progresses in a particular project, based on stage of completion reached, and after taking into consideration the proportionate costs incurred vis-à-vis the total estimated project cost.

The Company is presently having 3 projects in progress, namely 'Buland Valley', 'Buland City' & proposed project 'Buland Vatika'.

**Buland Valley:** This is the first project of the company. Company has completed this project. This project comprises of 72 residential flats. Out of total 72 flats, company has already sold 41 flats and booked remaining 31 flats for which sale deeds are to be executed.



**Buland City:** This project has been already been financed by us. Construction of this Project is under progress and more than 70% of project work has been completed. This project is likely to be completed by this year. Total 228 residential flats comprising 2 & 3 BHK apartments in 6 Towers are to be constructed in this project. Till date the company has already booked 181 flats in this project. Out of these 181 flats, 33 flats have been financed by our branch under our Star Home Loan scheme. Prorata sale proceeds have been recovered and have been credited to company's project term loan account.

**Buland Vatika:** The Company has commenced this project during December-2014, and has requested for a Term Loan of Rs. 10.00 crores for its construction. Total 72 residential flats comprising 2 & 3 BHK apartments in G+2 floors, & 85 Duplex Houses are to be constructed in this project. Land is already owned by the company in its names. This project is likely to be completed by March 2017. Company has advised that presently 29 flats and including Duplex Houses have already been booked in this project. Since the sales in this project have not yet been started and also the construction has not reached 25% level, revenue of this project has not been recognized. Revenue from this project is projected from FY 2017-18.

The total estimated / projected revenue from the projects on hand, and its year wise breakup is as under:

(Rs. in Crores)

Name of Project	Year of commencement	Total Project revenue estmtd.	Rev. booked till date	Year wise revenue to be booked.						
				14-15	15-16	16-17	17-18	18-19	19-20	
Buland Valley	2010	37.75	10.25	6.00	12.00	9.50	---	---	---	
Buland City	2012	54.83	8.88	9.91	14.98	13.11	7.95	---	---	
Buland Vatika - Proposed	2014	54.30 <sup>†</sup>	---	---	---	---	17.10	20.90	16.30	
<b>Total</b>			<b>19.13</b>	<b>15.91</b>	<b>26.98</b>	<b>22.61</b>	<b>25.05</b>	<b>20.90</b>	<b>16.30</b>	

Accordingly, the company has estimated / projected booking of sales revenue from its existing and proposed projects.

The company is presently booking sales from its 2 projects namely "Buland Valley" and "Buland City". Based on provisional financials submitted by the company, sales of the company for year ended Mar-15 is Rs. 15.91 crores. For proposed project, company has estimated booking of sales from year ended April 2017 onwards. As per the project the company estimates completion of project by March 2017. The total net revenue generation from the proposed project is Rs. 54.30 Crores and NPAT from the project is Rs. 17.97 Crores as detailed in para 21.13 of this memorandum. Company has advised that 29 flats have already been booked in proposed project. For this year sale is estimated at Rs. 26.89 crores comprising of sale booked in projects "Buland Valley" and "Buland City". For next year the sale is projected at Rs. 22.61 crores.

**19.3 Profits:** Net profit of the company is Rs. 0.60 crores as per audited BS for year ended 31.03.2014. The same has increased from net profit level of Rs. 0.23 Crores as on 31.03.2013. Based on provisional financials for the year ended Mar-15 net profit of the company is Rs. 1.31 crores. Net profit for this year is estimated at Rs. 4.47 crores



and for next year the same is projected at Rs. 5.90 crores. As already discussed above, company is presently booking sales from its 2 projects. Sale from proposed project is estimated to be booked from FY 2017-18 onwards.

Net profit is estimated at Rs. 1.31 crores this year and projected at Rs. 4.47 crores for next year. This level is estimated / projected since Buland Valley project has been completed and sale of flats is going on, and the present ongoing project Buland City shall generate substantial revenue since being at verge of its completion. Thereafter net profit is projected to increase further since booking of sales from proposed project shall also start.

**19.4 DER/DQER:** DER of the company as on 31.03.2014 is 8.67. During FY 2013-14, the company has increased its paid up capital by Rs. 0.44 crores and Security Premium by Rs. 1.76 crores. DER as on 31.03.2014 is high due to amount of advance received from customers for Buland Valley and Buland City projects are a part of total outside liability of the company. This advance is to be converted to sales as the work progresses. Based on provisional financials for year ended Mar-15, DER is 6.33. This year DER is estimated at 3.45 and for next year the same is projected at 2.50.

Apart from the above, the company has invested unsecured loans in business amounting to Rs. 4.44 crores as on 31.03.2014. These unsecured loans are from directors and their other group companies. Based on provisional financials for the year ended 31.03.2015, unsecured loans are to the extent of Rs. 7.33 crores. This year this level is estimated at Rs. 8.33 crores and for next year the same is projected at Rs. 9.33 crores. Out of these unsecured loans, considering an amount equivalent to TNW of the company as Quasi Equity, the DQER of the company as on 31.03.2014 is 3.85, which is at a satisfactory and acceptable level. Based on provisional financials for the year ended Mar-15, DQER is 2.66 and is at satisfactory and acceptable levels. This year DQER is estimated / projected to improve further at 1.46 for this year, and at 2.22 for next year. We recommend for acceptance of the same.

**19.5 CR** of the company as on 31.03.2014 is 1.23. Based on provisional financials of the company as on 31.03.2015 CR of the company is 1.51. The same is at a satisfactory and acceptable level. Estimated/Projected current ratio for this year and for next year is at 1.76 and 1.96 respectively. Instalments of existing project loan and other vehicle loans, falling due within next year have been treated as current liability of the company. We recommend for acceptance of the same.

**19.6 ISCR** is also satisfactory and acceptable levels at 2.25 as on 31.03.2014 and at 1.85 for last year. The same is estimated at 3.45 this year and 4.19 for next year respectively. We recommend for acceptance of the same.

**19.7 DSCR:** The company is presently enjoying project term loan facility of Rs. 10.00 Crore for its "Buland City" project from our Branch. Repayment of this term loan is to commence from July-2015. Further the company is also having 3 car loans with other Banks. Based on estimated / projected fund flows as per CMA, the average DSCR for company as a whole, for existing and proposed term loans, covering entire repayment schedule for these loans, is 1.37 and at acceptable levels. We recommend for acceptance of the same.



**19.8 CONTINGENT LIABILITIES:**

No contingent liabilities have been reported in the audited BS of the company as on 31.03.2014.

**19.9 STATUTORY AUDITORS' REMARKS/QUALIFICATIONS: Nil****19.10 SEGMENTAL REPORTING AND CONSOLIDATED FINANCIALS: N.A.****20. INTER COMPANY COMPARISON: NA****ASSESSMENT/JUSTIFICATION FOR PROPOSED LIMITS:****21. PROJECT/ TERM LOAN ASSESSMENT:**

The company has availed, car loans from other Banks. The total present outstanding for these car loans availed is Rs. 0.21 crores. We have perused statement of accounts of these term loans with other Banks, and conduct is found to be satisfactory.

The company is presently engaged in 2 projects other than the proposed one.

One residential project of the company styled "Buland Valley" comprising 72 residential flats has been completed. Company has already sold 41 no. of flats, and remaining 31 flats have been booked for which sale deeds are to be executed. This project has been approved by us for financing home loans under the same. No term loan has been availed by the company for this project.

**21.1 Existing Term Loan:**

Second project of the company styled "Buland City" is in progress and is also in the vicinity of proposed project. This project has been financed by us and a term loan for Rs. 10.00 crores has been granted to the company for construction of this project, sanctioned by ZLCC on 08.03.2014. Under this project, construction of 228 residential independent units comprising 201 flats of 2 & 3 BHK type, and 27 Pent Houses is proposed. The project has been approved by us for financing home loans under this project along with other Banks namely SBI, Canara Bank, ICICI, and IDBI.

Construction work is in full swing. Structural / brick work is nearing completion, outer / inner plastering work, electricity / sanitation work / finishing work has been started. As per implementation schedule, this project is likely to be completed by this year end.

The term loan has not been fully disbursed. Rs. 9.58 crores has been disbursed till date in this term loan. The present o/s in the account is Rs. 8.49 crores. Prorata sale proceeds, of flats sold in the project, have been recovered and credited to this term loan account. Repayment in this account is to commence from July-2015. All the sanction terms have been complied with.

We recommend for review of this term loan at the present DL of Rs. 10.00 crores. This project has also been approved by us for financing home loans under this project. Till date we have financed 33 flats under this project in our Star Home Loan scheme. Company has booked total 181 flats in this project. .

**21.2 Proposed Project:**

The company has proposed to undertake its third residential housing project styled "Buland Vatika" on land admeasuring 21930 sq. mtrs. situated at Khata No. 183,



Khasra No. 145, Mauja Kalal Kheriya, Agra. Total project cost is Rs. 30.35 crores. The land is freehold and owned by the company.

The area is one of the prime locations of Agra with well known historical monument 'Taj Mahal' approx 3 km away, and having many reputed hotels and residential complexes in the vicinity.

The project plan for proposed project has been approved by Agra Development Authority. Construction cost estimates for Rs. 23.46 crores, has been prepared by company's architects M/S Innovative Design Destinations, and has been vetted by our approved architect Shri Pradeep Potdar on 09.05.2015.

Further, this project has already been approved by ICICI Bank for financing home loans under this project.

The site is ideally located on the main road, in the vicinity of already developed residential and commercial area. The site has direct approach from main road with availability of electricity and water facilities.

The company has envisaged the completion of construction by March - 2017.

### **21.3 Present Request:**

The company has requested for a term loan of Rs. 10.00 crore for the purpose of construction of the 72 residential 2 & 3 BHK flats in G+2 Floors, and 85 Duplex Houses.

Approval for diversion of land use from Agricultural to Non- agricultural has been obtained. After approval of project's lay out plan from Agra Development Authority and obtaining other necessary permissions / approvals, the company has undertaken development of land work which has been completed.

Some unique features of the project styled as "Buland Vatika" are:

- Highest standard interiors.
- Complex to provide, recreational / marketing complex, that cater to different age groups.
- Adequate power back up for all common facilities. Solar lights.

The following approvals / permissions have been obtained by the company for the proposed project:

- Approval of lay out plan from Agra Development Authority.
- NOC from Agra Tehsil.
- Certificate from electrical safety directorate.
- NOC from 'Jal Sansthan' Agra.
- NOC from 'Nagar Nigam' Agra.

We have obtained copy of the aforesaid approvals & the same are kept on branch record.

For looking after the technical and supervision aspects of the project, company has engaged M/S Innovative Design Destination, Agra.



#### 21.4 Details of the project:

The proposed project comprises of construction of 72 residential 2 & 3 BHK flats in G+2 Floors, and 85 Duplex Houses. Per sq. ft. selling rate has been taken at Rs. 2575 per sq. ft. and considering the location of the project the proposed selling rate is reasonable.

#### 21.5 Project cost & means of finance:

The details of the cost of project and means of finance are given below:

(Rs in crores)

Cost of project				Means of Finance			
Particulars	Amt Already incurred	To be incurred	Total	Particulars	Mobilized	To be mobilized	Total
Land/ freehold, Registration Charges etc.	4.66	---	4.66	Internal Accruals	6.36	3.64	10.00
Building Construction	1.70	21.76	23.46	Advance from bookings	---	10.35	10.35
Interest / expenses (pre operative)	---	2.23	2.23	Term Loan (proposed)	---	10.00	10.00
<b>Total</b>	<b>6.36</b>	<b>23.99</b>	<b>30.35</b>		<b>6.36</b>	<b>23.99</b>	<b>30.35</b>

\*Interest applied in the term loan account will be serviced by the company as and when applied during the construction period. Company's margin in the project considering its contribution through internal surplus and advance bookings is 67.05%.

#### 21.6 Margin:

The margin contribution from the company through its internal surpluses and advance bookings in the project is 67.05%. Project DER comprising of only internal surplus of the company utilized for the project is 32.95%.

#### 21.7 Vetting of project:

Cost estimates for proposed construction amounting to Rs. 23.46 crores have been submitted by company's architect M/S Innovative Design Destination and vetted by our approved architect Shri Pradeep Potdar.

#### 21.8 Cash Flow & DSCR:

As per the cash flow statement furnished hereunder, there is sufficient surplus available to repay the bank loan and interest as proposed.

#### Cash Flow for proposed project:

(Rs. In crores)

	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020
<b>SOURCES</b>						



Internal Accruals	1.70	2.25	1.30	---	---	---
Term Loan	---	4.98	5.02	---	---	---
Bookings from customers	1.19	4.75	4.41	---	---	---
Decrease in stocks / Transfer to Sale	---	---	---	8.86	10.83	8.44
Income after Tax	-0.06	-0.37	-1.03	5.37	7.81	6.25
Increase in creditors	0.10	0.05	-0.10	-0.05	---	---
<b>Total</b>	<b>2.93</b>	<b>11.66</b>	<b>9.60</b>	<b>14.18</b>	<b>18.64</b>	<b>14.69</b>
<b>Application of Funds</b>						
Construction Cost	1.00	10.75	11.71	---	---	---
Repayment of Term Loan	---	---	---	3.00	4.00	3.00
Transfer of advances to sales	---	---	---	3.25	3.97	3.13
<b>Total</b>	<b>1.00</b>	<b>10.75</b>	<b>11.71</b>	<b>6.25</b>	<b>7.97</b>	<b>6.13</b>
<b>Opening Balance</b>	<b>0.09</b>	<b>2.02</b>	<b>2.93</b>	<b>0.82</b>	<b>8.75</b>	<b>19.42</b>
<b>Surplus/Deficit</b>	<b>1.93</b>	<b>0.91</b>	<b>-2.11</b>	<b>7.93</b>	<b>10.67</b>	<b>8.56</b>
<b>Closing Balance</b>	<b>2.02</b>	<b>2.93</b>	<b>0.82</b>	<b>8.75</b>	<b>19.42</b>	<b>27.98</b>

**Cash flow for company as a whole:**

(Rs. In crores)

	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020
<b>SOURCES</b>						
Unsecured Loan	2.50	---	---	---	---	---
Term Loan	3.79	4.98	5.02	---	---	---
Bookings from customers	5.88	11.68	13.40	-0.79	---	---
Decrease in stocks / Transfer to Sale	4.80	9.60	4.17	8.86	10.83	8.44
Income after tax	1.30	4.47	5.90	5.38	4.39	4.22
Increase in current liabilities	0.51	0.90	0.39	1.14	1.18	-1.67
Decrease in non current investments	1.56	---	---	---	---	---
Depreciation on Fixed Assets	0.10	0.25	0.33	0.39	0.43	0.44
<b>Total</b>	<b>20.44</b>	<b>31.88</b>	<b>29.21</b>	<b>14.98</b>	<b>16.83</b>	<b>11.43</b>
<b>Application of Funds</b>						



Construction Cost	11.34	16.94	19.46	5.00	4.50	4.75
Repayment of Term Loan	0.10	3.80	5.05	4.25	4.00	3.00
Increase in fixed assets	0.50	1.50	0.80	0.60	0.40	0.15
Transfer of advances to sales	8.00	7.00	1.68	3.25	3.97	3.14
Decrease in other current liabilities	0.10	0.06	---	0.20	0.20	0.20
<b>Total</b>	<b>20.04</b>	<b>29.30</b>	<b>26.99</b>	<b>13.30</b>	<b>13.07</b>	<b>11.24</b>
<b>Opening Balance</b>	<b>1.20</b>	<b>1.60</b>	<b>4.18</b>	<b>6.40</b>	<b>8.08</b>	<b>11.84</b>
<b>Surplus/Deficit</b>	<b>0.40</b>	<b>2.58</b>	<b>2.22</b>	<b>1.68</b>	<b>3.76</b>	<b>0.19</b>
<b>Closing Balance</b>	<b>1.60</b>	<b>4.18</b>	<b>6.40</b>	<b>8.08</b>	<b>11.84</b>	<b>12.03</b>

As per above cash flows the company has sufficient cash surpluses for servicing of interest / instalments for existing / proposed Term Loans.

#### DSCR:

Credit facility is proposed to be repaid in very short period upon completion of project. We have worked DSCR as follows:

#### DSCR for proposed project: (Rs. In crores)

PARTICULARS	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020
<b>INFLOW</b>						
Net Profit after Tax	-0.06	-0.37	-1.03	5.37	7.81	6.25
Interest on Term Loan	---	0.30	0.96	1.27	0.82	0.29
<b>Total</b>	<b>-0.06</b>	<b>-0.07</b>	<b>-0.07</b>	<b>6.64</b>	<b>8.63</b>	<b>6.54</b>
<b>OUTFLOW</b>						
Interest on Term Loan	---	0.30	0.96	1.27	0.82	0.29
Repayment of Term Loan	---	---	---	3.00	4.00	3.00
<b>TOTAL (B)</b>	<b>---</b>	<b>0.30</b>	<b>0.96</b>	<b>4.27</b>	<b>4.82</b>	<b>3.29</b>
<b>DSCR (A/B)</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>1.56</b>	<b>1.79</b>	<b>1.99</b>
<b>Average DSCR</b>	<b>1.78</b>					

#### DSCR for company as a whole: (Rs. In crores)

PARTICULARS	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020
<b>INFLOW</b>						
Net Profit after Tax	1.31	4.47	5.90	5.38	4.39	4.22
Interest on Term Loans	1.31	1.61	1.56	1.30	0.82	0.29
Depreciation	0.10	0.25	0.33	0.39	0.43	0.44



<b>Total</b>	<b>2.72</b>	<b>6.33</b>	<b>7.79</b>	<b>7.07</b>	<b>5.64</b>	<b>4.95</b>
<b>OUTFLOW</b>						
Interest on Term Loan						
Principal Payment	1.31	1.61	1.56	1.30	0.82	0.29
Repayment of Term Loans	0.10	3.80	5.05	4.25	4.00	3.00
<b>TOTAL (B)</b>	<b>1.41</b>	<b>5.41</b>	<b>6.61</b>	<b>5.55</b>	<b>4.82</b>	<b>3.29</b>
<b>DSCR (A/B)</b>	<b>1.93</b>	<b>1.17</b>	<b>1.18</b>	<b>1.27</b>	<b>1.17</b>	<b>1.50</b>
<b>Average DSCR</b>	<b>1.37</b>					

Average DSCR for company as a whole for its term loans for existing / proposed projects / existing car loans works out to 1.37 which is at satisfactory and acceptable levels. Further DSCR for each individual year is above 1.00. The same is acceptable. The company has submitted cash flow statement which shows sufficient cash surplus after payment of loan instalments and interest and hence we may accept the same. We recommend for acceptance of the same.

#### 21.9 Project Implementation Schedule:

As per implement schedule the project is to be completed by March – 2017 and possession of the units shall start from April - 2017. The implementation schedule for the proposed project is as here under:

<b>Stages of project</b>	<b>Time</b>
Launching/Booking	December - 2014
Foundation & casting of plinth beams of all plots	February - 2015
Brick Work in super structure and road work	July - 2015
RCC structure	August - 2015
Electrical and sewer trenches for colony along with filling of road.	December - 2015
Electrical and plumbing work of houses.	April - 2016
Plastering + Door / Windows fixing	June - 2016
Park Boundary	July – 2016
Wood work & painting + Finishing of road work	September - 2016
Affixing of tiles + Elevation work	October - 2016
Door / window shutter fixing, sanitary ware / fixtures fixing, electrical accessories fixing	December – 2016
External development, making sewage treatment plant + landscaping and outer electrification	January – 2017
Project completion	March – 2017
Starting handing over of possession	April - 2017

#### 21.10 Draw Down Schedule:

As per implementation schedule, the draw down schedule proposed by the company is as under:

<b>Disbursement Schedule</b>	
<b>Months</b>	<b>Amount (Rs)</b>
May-15	8,300,000



Jun-15	4,150,000
Jul-15	4,150,000
Aug-15	4,150,000
Sep-15	4,150,000
Oct-15	4,150,000
Nov-15	4,150,000
Dec-15	4,150,000
Jan-16	4,150,000
Feb-16	4,150,000
Mar-16	4,150,000
Apr-16	4,150,000
May-16	4,150,000
Jun-16	4,150,000
Jul-16	4,150,000
Aug-16	4,150,000
Sep-16	4,150,000
Oct-16	4,150,000
Nov-16	4,150,000
Dec-16	4,150,000
Jan-17	4,150,000
Feb-17	4,150,000
Mar-17	4,550,000
<b>Total</b>	<b>100,000,000</b>

The actual disbursement from term loan may vary which shall be as per the demand of the company commensurate with the actual physical progress of project. Further at the time of disbursements, value of work undertaken by the company, duly certified by its CA, shall be treated as margin contribution of the company. We recommend for the same.

#### **21.11 Disbursement of term loan:**

The loan shall be disbursed upon the request of the company, directly to the supplier of the material for construction of building and / or to the company. ESCROW account for the project shall be opened and all disbursements, sale proceeds of flats, booking amounts, repayment of term loan etc. shall be routed through this ESCROW account. The request for disbursement by the company shall be accompanied with the physical progress report from the company's architect / engineer, to be verified by the Branch during inspection, along with an investment certificate from company's CA.

#### **21.12 Repayment of proposed Term Loan:**

As per implementation schedule, the project is scheduled to be completed by March 2017. As per cash flow statement submitted by the company, the company has proposed to repay entire loan in 30 monthly installments of Rs. 33.33 Lacs each commencing from July – 2017 last installment payable in December – 2019 for Rs. 33.43 Lacs. Interest shall be serviced as and when applied, including the interest applied during moratorium period. The door to door tenor shall be for 56 months.



As per cash flow for the project, there is adequate generation of surplus funds for adequate servicing of interest / instalments; and also during moratorium period.

#### 21.13 Total Revenue Generation:

The proposed project comprises of construction of 72 residential 2 & 3 BHK flats in G+2 Floors, and 85 Duplex Houses. Per sq. ft. selling rate has been taken at Rs. 2575 per sq. ft. and considering the location of the project the proposed selling rate is reasonable. The proposed flats / houses are of various sizes; accordingly the revenue generation is as follows:

Type and size of Units	Size in Sq Ft	Total Area	No of Units	SP per Unit (Rs)	Amount (Rs)
G+2 (3 BHK) 142.137 Sq. Mtrs	1529.95	41308.65	27	3,250,000	87,750,000
G+2 (3 BHK) 138.9784 Sq. Mtrs	1495.951	67317.795	45	3,200,000	144,000,000
Duplex 177.06 Sq. Mtrs	1905.858	1905.858	1	4,700,000	4,700,000
Duplex 139.35 Sq. Mtrs	1499.951	14999.51	10	4,300,000	43,000,000
Duplex 178.09 Sq Mtrs.	1916.945	1916.945	1	4,700,000	4,700,000
Duplex 120.06 Sq Mtrs	1292.315	14215.465	11	4,000,000	44,000,000
Duplex 147.89 Sq Mtrs	1591.875	1591.875	1	4,300,000	4,300,000
Duplex 148.26 Sq Mtrs	1595.857	1595.857	1	4,400,000	4,400,000
Duplex 91.96 Sq Mtrs	989.849	35634.564	36	3,500,000	126,000,000
Duplex 115.02 Sq Mtrs (Plots)	1238.065	3714.195	3	1,000,000	3,000,000
Duplex 124.78 Sq Mtrs	1343.121	1343.121	1	3,600,000	3,600,000
Duplex 113.09 Sq Mtrs	1217.291	1217.291	1	3,600,000	3,600,000
Duplex 94.39 Sq Mtrs	1016.005	14224.07	14	3,500,000	49,000,000
Duplex 101.94 Sq. Mtrs	1097.273	5486.365	5	3,600,000	18,000,000
Commercial Plot	4356	4356	1	2,900,000	2,900,000
<b>Total Sale Proceeds</b>		<b>210827.561</b>			<b>542,950,000</b>

Total estimated sales of the project: Rs 54.30 Crores

Total estimated cost including taxes of the project: Rs 36.33 Crores

Total estimated Profit for the project: Rs 17.97 Crores

#### 21.14 Present position of booking of flats:

Company has advised that till date 29 flats have already been booked in this proposed project.

#### 21.15 Sale of residential units and registration of sales:

The company has advised that the expected date for completion of project is March 2017. The company has proposed to repay the principal amount of the bank loan in 30 30 monthly installments of Rs. 33.33 Lacs each commencing from July – 2017 last installment payable in December – 2019 for Rs. 33.43 Lacs. Interest shall be serviced as and when applied, including the interest applied during moratorium period. The company has advised that prior to the commencement of repayment of proposed term loan in case there is a need to transfer the title of flats and register the sale deed in favor of their buyers, the company shall first repay in term loan on proportionate basis



of total saleable area of the project, i.e. area to be sold vis-à-vis loan amount. For example total saleable area of the project is 210827.561 sq. ft. In case the area to be sold is 5% of total saleable area, company shall first deposit 5% of loan amount before obtaining NOC from us.

In case, the transfer of title of flats and registration of the sale deed in favor of their buyers is to be done after start of repayment of proposed term loan and if repayment in loan is regular, the company shall obtain NOC from the Bank for execution and registration of title deed. We propose to obtain a stamped undertaking for the same from the company.

The company has also advised that in case buyer of flats who have availed housing loans from our bank / other banks, in their individual capacity, the instalment of housing loans so disbursed may be transferred to the proposed project loan directly on proportionate basis as discussed in this para above.

#### **21.16 Present position of the project:**

The project site has been visited by branch on 07.05.2015. The land for the proposed project has been purchased. Land development work is completed. Layout plan for the project has been approved by Agra Development Authority. The project has been launched during December 2014. Further construction work on the project was going on a brisk pace. Plinth work has been completed. Pillar work was going on. The site is located in a good residential / commercial area with reputed hotel brands, other residential projects in the vicinity, and within a distance of 3 km from Taj Mahal.

#### **22. WORKING CAPITAL ASSESSMENT: N. A.**

#### **23. Non Fund Based Limits Assessment:**

##### **IBG Limit:**

Company has presently availed Inland BG Limit facility for Rs. 1.50 crores at 20% margin, and has requested for review of the same. This IBG is required by the company for submitting to NSSIC (National Small Scale Industries Corporation). The company has advised that on the basis of this BG, NSSIC provides the company a line of credit for procuring iron / steel, cement, marbles, tiles for construction, from MSME units, which is a cheaper proposition for the company. Accordingly the company has requested for review of this BG limit at a margin of 20% in the form of pledge of TDR's. The present outstanding in this BG limit is Rs. 1.50 crores. We recommend for review of IBG limit for Rs. 1.50 crores with a margin of 20%.

**24 a. INDUSTRY SCORE (IRS):** IRS score of 1.67 (Favourable) for Real Estate – Residential Sector as per ICRA IRS advised vide HO quarterly updates on various sectors for Q4 FY 2014-15.

**24 b. INDUSTRY PERCEPTION:** "Favourable." Our experience to the sector is more or less equivalent to the IRS score assigned to the sector.

As per estimates of Cushman and Wakefield Research, the housing sector will grow at a CAGR of 15% by 2014. The pan India cumulative residential demand is estimated to stand at approximately 4.25 million units. About 60% of total estimated demand by 2014 is expected to be spread across India's top seven cities, with Tier I metropolitan cities like the NCR and Mumbai expected to account for approximately 40% of the



total demand. The residential sector is also likely to witness increased investments from the non-resident Indians (NRIs) and the high net worth individuals (HNIs) in the high end and premium residential real estate segments in India. With the Government's continued focus on infrastructure development, it seems very probable that the country's economic revival will be driven by infrastructure growth, which in turn can accelerate real estate activities both in the residential as well as commercial segments. In the long run, an increase in demand is expected largely due to improving economic conditions, positive market sentiments and growing corporate confidence. But, it will take time for the supply-demand gap to bridge, thus both rental and capital values are expected to remain under downward pressure in the short to medium term, with only a few micro-markets expected to buck the trend. While the actual take-off is expected to happen after medium term, the level of enquiries is expected to go up and rental values should remain stable across most micro markets. The vacancy level is expected to gradually reduce because no fresh supply is expected over the next few quarters.

(Source: Industry updates for Q4 of FY 2014-15 as extracted from the Quarterly Industry Update circulated by RMD HO.

#### **25. FAVOURABLE FACTORS (IN BRIEF):**

- Promoters/Directors of the company are well experienced persons engaged and established in this line of business activities since long, successfully
- Site of the project is at prime location of the city.
- The overall financial position of the company is satisfactory.

#### **RISK FACTORS AND MITIGANTS:**

- We do not perceive any risk in near future, with economic growth, increase in purchasing capacity and basic need of having a residential accommodation creates opportunity for company's business. Further the directors are of sufficient worth and well versed with intricacies of the business, to overcome the risks.
- Real Estate sector has shown cycles of boom and downturn in the past. Accordingly real estate industry is susceptible to such downturn. However as demand for affordable housing is always there, the promoters do not perceive any lack of demand for their project.

#### **26. Borrower's exposure: (Present)**

**(Rs. in crores )**

	Facility	Amount	Outstanding	Asset Status
With Us –	Project Loan – Buland City IBG Limit	10.00 1.50	8.49 1.50	Standard Standard
With Other Banks – HDFC	Car Loan	0.21	0.21	Standard
<b>Total</b>		<b>11.71</b>	<b>10.20</b>	---

**Company has availed 3 car loans from HDFC Bank. We have obtained statement of these accounts. Conduct is found to be satisfactory and repayment is regular.**



**27. Group Exposure (including this proposal): (Rs. in crores )**

Name of company	Zone/ Branch	AC/ CR	Limit FB	NFB	Total/ Max.	Outstanding FB	Outstanding NFB	Out of Order
M/S Buland Housing Pvt. Ltd – Project "Buland Vatica"	Agra SME	RE-4 / New account	10.00	---	10.00	-	-	-
M/S Buland Housing Pvt. Ltd – Project "Buland City"	Agra SME	RE-4 /	10.00	1.50	11.50	8.49	1.50	-
ZLCC – 10.03.14								
Shri Phundilal Sharma Star Mortgage Reducing OD	Agra SME /	11	0.42	---	0.42	0.42	---	---
<b>Total</b>			<b>20.42</b>	<b>1.50</b>	<b>21.92</b>	<b>8.91</b>	<b>1.50</b>	<b>-</b>

**28. EXPOSURE CAP BASED ON CAPITAL: (Rs. in crores)**

Maximum exposure based on capital funds as on 31.03.2014	Borrower		Group	
	Cap.	Actual	Cap.	Actual
	3725	21.50	14900	21.92

**29. Exposure to Industry: (Rs. in crores)**

a) Sectoral Cap for Industry	:	
Bank's Exposure	:	
Zone's Exposure	:	
NPA Bank	:	
NPA Zone	:	

**UTILISATION/VALUE OF ACCOUNT: (Rs. in crores)**

30	Average Utilisation of :	Last year (2014-15)		This year (2015-16) (Estmtd)	
		Amount	%	Amount	%
a) Fund Based limits					
i) Term Loan	9.58	100		13.00	100
ii) Working Capital					
b) Non Fund Based Limits	1.50	100		1.50	100
31	Export Turnover (Rs. in lacs)				



32	Earnings (Rs. in cr)	Last year (2014-15)		This year (2015-16) (Estmtd)						
		Interest	1.08	1.60			Other Income	No	Amt.	Earnings
	Bills Purchased/ collected									
	LCs opened									
	Guarantees issued									
	Any other Income		0.11							0.12
	Total Income		1.19							1.68
	Yield %		14.31							13.91

**33. Details of Float Available:** (Rs. in crores)

	Current year position		Position during last year	
	No. of A/cs	Amount	Average Balance	Outstanding as on 31.03.2015
Saving Bank	---	---	---	---
Current Deposit	3	0.49	0.12	0.13
Term Deposit	2	0.58	0.33	0.35
<b>Total</b>	<b>5</b>	<b>1.07</b>	<b>0.45</b>	<b>0.48</b>

**34. TARIFF: No concession proposed.**

ITEM	Applicable Rate	@ Existing Rate	Proposed Rate
Rate of Interest	4.90% over base rate, presently 14.85% p.a. at monthly rests (including Tenor Premium of 0.50%)	4.90% over base rate, presently 14.85% p.a. at monthly rests (including Tenor Premium of 0.50%)	3.90% over Base Rate presently 13.85% p.a. Total sacrifice approx Rs. 0.20 crores.
Proposal Processing Charges	For Review of Term Loan: Rs. 75/- per lac or part thereof subject to a maximum of Rs. 3.00 lacs.  For new Term Loan: Up to Rs. 50.00 crores – 1.25%	0.50% concession	50% concession in applicable processing fee.  Total sacrifice Rs. 0.07 Crores approx.

@ 1.00% concession in applicable ROI approved by ZLCC on 08.03.2014.

@ 50% concession in PPC approved by NBGLCC on 24.03.2014.

**AUDIT/INSPECTION/MEETINGS / CPA:**

35	Last Date	Remarks/observations
	Inspection	07.05.2015 Observations are satisfactory. Construction work of residential blocks was going on.
	Stock audit	Not applicable ---



	Consortium meeting	N.A.	---
36 a	Any adverse comments of Statutory/ Internal/ Concurrent/RBI Auditors and Borrower's Auditors.		---
36 b	Closure of CPA	ZM 13.03.2014	

### 37.1 CONFIRMATION:

a.	Compliance of last sanctioned terms	:	Yes
b.	Security Documents are valid/in force	:	Yes
c.	Proper charge on securities created in Bank's favour	:	Yes
d.	Exposure is within Bank's prudential Norms/RBI guidelines	:	Yes
e.	Whether company/directors are under Bank's/RBI/ ECGC defaulter's list	:	No
f.	Any deviation from usual norms	:	No
g.	Whether directors are disqualified under Section 274 of Companies Act	:	No
h.	Any arrears in payment of statutory liabilities by the Co.	:	No
i.	Whether status report/D&B report, if applicable, obtained	:	Yes
j.	Auditor's comments on Corporate Governance Practices followed in case of Limited Companies	:	Not applicable
k.	Pending litigation against/by the company (If yes details to be given)	:	No
l.	Whether company/directors/firm's partners/proprietor are related to Bank's director/s	:	No

**37.2 Directions of sanctioning authority in the previous sanction:** All the earlier terms of sanction have been complied with.

### 38. FLOW CHART:

Date application received at branch	10.02.2015
Date of Branch Proposal	09.05.2015

### 39. BRANCH COMMENTS & RECOMMENDATIONS:

M/S Buland Housing Pvt Ltd has been incorporated on 10<sup>th</sup> November 2006 with its main object of real estate developers and builders.

#### 39.1 Management:

The company is a closely held business entity promoted by Shri P. L. Sharma and his wife Smt. Kamla Sharma. The company is having 2 directors as follows:

**Shri Phundilal Sharma:** Shri Phundilal Sharma aged 49 years is a Law Graduate. He is the main promoter / director of this company and Managing Director. He is having good experience in Real Estate Business. One residential project styled "Buland Valley" consisting of 72 residential flats has been completed. Another project styled "Buland City" is under progress. Besides being in real estate business, Shri P. L. Sharma is also successfully running business of Mineral / Packaged drinking water in other group concern namely M/S Shikha Beverages Pvt. Ltd. Further, presently he is also engaged in setting up a of 3 star hotel in the heart of city at Sanjay Place, Agra in other group concern namely M/S City Inn Pvt. Ltd.



**Smt. Kamla Sharma:** Smt. Kamla Sharma is wife of Shri P. L. Sharma and also a promoter / director of this company. She is engaged in assisting her husband in running family businesses. Further she is also proprietor of M/S Industrial Security Enterprises, providing security services to various business houses.

### 39.2 Group concerns:

The group besides being engaged in real estate business is also engaged in other diversified business activities such as hotel industry, packaged drinking water, and running security agency. The brief details of group concerns are as follows:

(Amt in Rs. crores)							
(Financials of the group concerns are based on audited BS as on 31.03.14)							
Name	Activity	Capital	TNW	Turnover	Profit	DER	CR
Buland Estates (P) Ltd	Real Estate	0.01	0.01	No business activity.			
Shikha Beverages (P) Ltd	Packaged drinking water	0.22	0.54	0.14	0.01	3.03	1.82
City Inn Pvt. Ltd	Hoteliers	0.52	7.02	---	- 0.02	1.63	---
Hotel Building under construction.							
M/S Agra Infraland Developers Pvt. Ltd	Commercial Real Estate	1.00	0.99	---	-0.01	28.68	1.54
Commercial complex at Sanjay Place, Agra under construction.							
M/S Industrial Securities Enterprises.	Security Agency	0.24	0.24	1.12	0.33	0.19	2.80
Gee Kay Real Estates Pvt. Ltd	Real Estate	0.25	0.87	No business activity.			
Dravya Commercial Pvt. Ltd.	NBFC	0.99	12.62	0.23	0.02	0.10	36.0

### 39.3 Management of the proposed project:

Apart from the directors, the company has engaged M/S Innovative Design Destination, Agra for looking after the technical aspects, architecture and designing aspect for the project.

### 39.4 Projects undertaken by the Group:

The proposed project is the 3<sup>rd</sup> residential project of this company. The brief details of these 3 projects are as follows:

Name	Details	Appx. Project Cost Rs. Cr	Started	Likely completion	Present Status of compln	Project Approved by us / other



						Banks
Buland Valley	72 residential flats	28.00	2010	Completed	100 %	Yes
Buland City	228 residential flats	30.00	2012	Dec-2015	80%	Yes / SBI, Canara Bnk, IDBI, ICICI
Buland Vatika	72 residential flats in G+2 Floors & 85 Duplex Houses.	30.35	2014	Mar 2017	5%	Recommended for / ICICI

Out of the above projects, company has availed a project term loan of Rs. 10.00 Crore from our Branch on for its "Buland City" project. Except for car loans, as discussed in para 21 of this memorandum, the company has not availed any credit facility from any other Bank / Institutions for any of the above mentioned project, except for project "Buland City" which has been financed by our Branch.

### **39.5 Present Reference:**

The company has requested for review of its existing term loan, IBG limit and sanction of a new term loan of Rs 10.00 crores for the purpose of construction of 72 residential flats in G+2 Floors & 85 Duplex Houses, in its new project styled "Buland Vatika". The request has been assessed in details in para 21 of this memorandum. We recommend for consideration of the same.

### **39.6 Security:**

#### **Principal Security:**

The proposed credit facility will be secured primarily by:

1. Extension of EQM over land and building of proposed project "Buland Vatika", situated at Khasra No. 145, Mauza Kalal Kheria, Fatehabad Road, Agra in the name of the company M/s Buland Housing Pvt. Ltd. Land area admeasuring 21930 sq. mtrs.

Presently this property is mortgaged as a collateral security in Term Loan of Rs. 10.00 crores granted to the company for its "Buland Valley" project as discussed in para 15 above. The same shall form principal security for proposed Term Loan of Rs. 10.00 crores for "Buland City" project.

As per valuation report dated 31.01.2015 from our approved valuer M/S Potdar Consultants, the MV of this property is Rs. 17.08 Crores. After completion of proposed project, the total value shall be approx. Rs. 40.54 crores.

Interim title search report of this property shall be obtained from our approved advocate, prior to creation of EQM and release of proposed limits.

2. Pledge of TDR towards 20% margin money for IBG limit.



**Collateral Security: -**

1. EQM of one Residential Flat (Pant House) No. 707, on 6<sup>th</sup> and 7<sup>th</sup> Floor, in Tower No. 3, Buland Valley, Tajnagri Phase I, Agra owned by Shri Shivam Sharma s/o Shri Phundilal Sharma, proposed as a guarantor, admeasuring 191.74 sq. Mtr.

As per valuation report dated 31.01.2015 from our approved valuer M/S Potdar Consultants, the MV of this property is Rs. 0.98 Crores.

Title search report of this property shall be obtained from our approved advocate, prior to prior to creation of EQM and release of proposed limits.

EQM of this collateral shall also be extended to secure the present borrowings of "Buland City" Project.

2. EQM of one Residential Flat No. 606, on 5<sup>th</sup> Floor, in Tower No. 3, Buland Valley, Tajnagri Phase I, Agra owned by Smt. Uma Sharma d/o Shri Phundilal Sharma, proposed as a guarantor, admeasuring 159.20 sq. Mtr.

As per valuation report dated 31.01.2015 from our approved valuer the present value of this property is Rs. 0.72 crores.

Title search report of this property shall be obtained from our approved advocate, prior to prior to creation of EQM and release of proposed limits.

EQM of this collateral shall also be extended to secure the present borrowings of "Buland City" Project.

3. Extension of EQM of land and building admeasuring 11882 sq. mtrs on 7 adjoining plots of project styled "Buland City", situated at Khasra No's 656 & 658, Deepesh Dham (New name Buland City), Nagla Arhar, Village Basai Mustaquil, Fatehabad Road, Near TDI City, Tehsil and District Agra, owned by the company. This property is mortgaged as a principal security in term loan for project "Buland City".

As per valuation report dated 31.01.2015 from our approved valuer the present value of this property is Rs. 31.63 crores.

Interim title search report of this property shall be obtained from our approved advocate, prior to prior to creation of EQM and release of proposed limits.

**Guarantee:**

Besides above principal / collateral securities, the proposed advance shall also be secured by joint and several individual personal guarantees of directors / other guarantors with a total net worth of Rs. 24.21 crores as mentioned in para 16 of this memorandum.

**39.7 Physical Progress of the project:**

The project site has been visited by branch on 07.05.2015. The land for the proposed project has been purchased. Land development work is completed. Layout plan for the project has been approved by Agra Development Authority. The project has been launched during December 2014. Further construction work on the project was going on a brisk pace. Plinth work has been completed. Pillar work was going on. The site is



located in a good residential / commercial area with reputed hotel brands, other residential projects in the vicinity, and within a distance of 3 km from Taj Mahal.

### **39.8 Credit Rating and Pricing:**

We have carried out credit rating exercise as applicable to the Real Estate Projects and the company has qualified for RE 4 rating. The earlier rating in the account was RE-5. Improvement in rating is due to completion of one earlier project and increase in total no. of projects on hand.

The applicable rate of interest for RE-4 rated account is 4.90% over base rate, presently 14.85% p.a. at monthly rests (including Tenor Premium of 0.50% for door to door tenor up to 7 years).

Company has requested for 1.00% interest concession in applicable ROI. Company has earlier been allowed 1.00% concession in applicable ROI. Company has requested for continuation of the same. Keeping in view of other remunerative benefits available in the form of availability of retail housing loans from the project, we recommend for consideration of the same. Accordingly the chargeable ROI 3.90% over Base Rate presently 13.85% p.a (including Tenor Premium of 0.50% for door to door tenor up to 7 years).

### **39.9 Due Diligence:**

As discussed earlier, the company is already enjoying project term loan facility with the branch. Further the directors are having a reducible OD under Star Mortgage Loan scheme. Conduct of all these accounts is satisfactory, and the company is also maintaining a satisfactorily conducted CD account with the Branch since 08.12.2012. CIBIL search report for directors / guarantors dated 30.04.2015 is satisfactory. ROC search has been obtained on 06.05.2015, as per this report, the following are the 2 directors of the company:

- Shri Phundilal Sharma
- Smt. Kamla Sharma

As per ROC search report dated 06.05.2015 the authorized share capital of the company is Rs. 1.00 Crore and paid up capital is Rs. 0.76 crores. All our charges are property registered with ROC. ROC search report also reveals one charge over company's property situated at F-1A & F-1, First Floor, Block No. 17/2/4, Friend's Wasan Plaza, Sanjay Place, Agra, which is mortgaged with Indiabulls Housing Finance Ltd, to secure credit facility granted to one of the Group Concern M/S Shikha Beverages Pvt. Ltd.

The following is the present share holding pattern of the company:

Name of Shareholder	No. of shares held	%age holding	Whether Guarantor
Shri Phundilal Sharma	645700	84.52	Yes
Smt. Kamla Sharma	55000	7.20	Yes
M/S Dravya Commercial P. Ltd.	63200	8.27	@ No
Others having nominal shareholding	18	0.01	
<b>Total</b>	<b>763918</b>	<b>100</b>	

@ Corporate Guarantee has not been proposed / obtained earlier. Keeping in view of present restrictions for corporate guarantee by group concerns, as per



recent amendments in Company Law, we recommend for non obtention of corporate guarantee of M/S Dravya Commercial Pvt. Ltd.

**39.10 Compliance with eligibility norms as per Real Estate Policy of the Bank:**  
 Bank's Policy Guidelines for Advance to Real Estate Sector have been advised as per HOBC 103/162 dated 15.01.2010. The stipulated norms vis- a-vis compliance of the same with regard to the proposed exposure is as under:

S.no.	Norms	Status of compliance
1.	Minimum entry – level Risk rating to be 'RE 6' as per new Real-estate rating model	Complied with. Risk rating is RE-4 as per Real Estate rating model (sheet attached).
2.	Tenor to be max. 3 years excluding initial moratorium.	Tenor is 30 months excluding initial moratorium.
3.	Amount ceiling not to exceed Rs 500 crores to borrower and Rs 1000 crores to group.	Complied with. The proposed exposure shall be Rs 10.00 Crores for proposed project, and total Rs. 21.50 crores for the borrower company as a whole.
4.	Assessment to be done under Cash Budget method.	NA; only Term loan Proposed
5.	No credit facilities to be extended by Banks to Private builders for acquisition of land.	Complied with. The limits are for construction & sale of residential flats. Land has already been acquired by the company.
6.	Margin to be stipulated at least 25 % and preferably 40-50% of project cost. Advances received/ booking amounts etc. from prospective buyers would be treated as non - debt long term funds and may be reckoned as margin.	Complied with. Margin contribution of the company is 67.05% as detailed in para 21.6 of this memorandum.
7.	Collateral security to be at least 150% in cases where principal security is not available.	Principal security is available along with collateral. Total asset coverage ratio is 3.45, as detailed in para 15 of this memorandum. We may accept the same.
8.	TRA/ Escrow account to be stipulated for routing drawdowns / sale proceeds/ lease rentals.	The same shall be opened prior to disbursement of proposed advance for proposed project.
9.	Valuation of immovable property above Rs 10 crores to be carried out by 2 valuers on bank's panel.	2 <sup>nd</sup> valuation for the properties shall be obtained prior to release of proposed limits.
10.	Lender's Engineer to be stipulated in advances over Rs 25 crores.	N. A.
11.	Prior administrative clearance to be obtained from HO for any exposure on CRE.	Administrative clearance for CRE exposure of Rs. 10.00 crores for proposed project styled "Buland Vatica" obtained from ACC in its meeting held on 22.04.2015 vide IOM No: C&IC: PKD: 219 dated 22.04.2015.
12.	Adherence to National Building code of Bureau of Indian Standards (BIS).	The same shall be ensured.
13.	RBI guidelines for various	The same shall be ensured.



	disclosures with regard to borrowings from Lending institution to be adhered to by the borrower.	
14.	Disbursements to be made only after the borrower has obtained requisite clearances from Govt. / local bodies / other statutory authorities wherever required.	The same shall be ensured.

**39.11 Cross selling:** The directors of the company have purchased third party products in the names of their family members.

**39.12 Terms of Administrative approval:**

Administrative clearance for CRE exposure of Rs. 10.00 crores for proposed project styled "Buland Vatica" has been obtained from ACC in its meeting held on 22.04.2015 vide IOM No: C&IC: PKD: 219 dated 22.04.2015. The terms of this approval and compliance for the same are as follows:

- Sanctioning authority to satisfy the lending norms under CRE exposure: Complied with. Please refer to para 39.10 of this memorandum.
- Satisfactory due diligence on securities, promoters and company: Complied with. This is an existing account with satisfactory conduct. Please also refer to para 39.9 of this memorandum.
- Margin to be maintained at each stages of disbursement: The same shall be ensured at the time of disbursements.
- All approvals to be in place: Complied with. Obtained and on records.
- Existing account should be conducted satisfactorily and all terms of sanction are complied: Conduct of existing term loan is satisfactory and all the sanction terms have been complied with.
- First right of refusal of housing loan to our Bank: The same shall be advised to the company.
- No adverse remark in CIBIL, latest RBI defaulters list & ECGC list: We have verified latest RBI defaulter list and ECGC list, and confirm that there is no default.

**39.13. Approval of proposed project for financing to individuals for purchasing flats and entering into Tripartite Agreement with Borrower Company:**

In terms of HO Br. Cir.No. 104/11 dated 20.04.2010, housing projects of well established builders with undisputed repute and proven track record having successfully completed 3 such projects in the past and projects also approved by some other Public Sector Banks, may be covered under scheme of financing flats in Housing projects of reputed builders pending creation of mortgage as security. We recommend for approval of this project also for financing by our Bank as per extant guidelines of the Bank and as per the individual eligibility criteria within the delegated authority at appropriate level with terms & condition that the disbursement of full amount of loan in stages as per progress in construction in favor of builder by entering into Tripartite Agreement (Approved vide IOM No. ZO: LGL: NAC: 251 dated 11.05.2011 of Zonal Manager, Lucknow Zone. Legal Department) amongst Builder, Banker and Borrower pending creation of mortgage which will be available only after execution of sale deed to be executed by builder / promoter in favour of borrower.



Nevertheless the Bank shall have the first right of refusal for Housing loans in the project.

**40. Recommendations:** Considering the long experience of the promoters / directors, the project being undertaken at prime location, substantial contribution of the promoters in the project, sound financial position of the promoters, good market reputation being enjoyed by them, availability of adequate security and third party guarantee, past satisfactory association and conduct of group accounts with our Bank, excellent track record of group in execution, completion of various projects earlier and further scope of ancillary business from them including housing loan proposals from the proposed project, we recommend for:

**I. Sanction of:**

	(Rs. in crores)	
Limits	Existing	Proposed
Term Loan for project "Buland City"	10.00	10.00
Term Loan for project "Buland Vatika"	---	10.00
NFB - IBG	1.50	1.50
<b>Total :</b>	<b>11.50</b>	<b>21.50</b>

**II. Approval of:**

- Assessment of existing and proposed Term Loan limits as brought out in Para 21 of the memorandum.
- Credit rating of 'RE 4' in the a/c as per Para 39.8.
- Appointment of Sh. Pradeep Potdar, approved architect on our panel, as Lender Engineer for the project.
- Approval of project for considering retail housing loans to individuals as per Para 39.13 of this memorandum.
- Approval for 1.00% concession in applicable ROI and 50% concession in applicable processing charges as brought out in Para 34 of this memorandum.

**III. SUBJECT TO:**

**Pre disbursement Conditions:**

- Compliance of all Terms of sanction as contained in this Memorandum;
- Sanction letter as per extent guidelines to be issued to the borrowers, detailing all the terms and conditions of the sanction. A copy of the same duly acknowledged by borrowers/Guarantors to be kept on record;
- Branch to recover appropriate Proposal processing/ EQM / Inspection / Documentation & other charges in the account;
- Obtention of proper security documents for proposed limits and creation of EQM duly supported by appropriately worded board resolution.
- Branch to get the Primary securities comprehensively and adequately insured with Bank clause, preferably from NICL under tie up arrangements with Bank;
- Branch to obtain stamped and unstamped undertakings/declarations as contained in the draft sanction letter.
- Branch to obtain stamped undertaking confirming that directors are not/have not been on RBI Defaulters List, Our Bank's Defaulters' list, and ECGC Specific approval list;
- Vetting of security documents by Branch advocate; and Compliance with the requirement of CPA as per H.O. guidelines to be ensured by the branch.



- A stamped undertaking to be obtained from the company that in case there is a need to transfer the title of flats and register the sale deed in favor of their buyers, prior to the commencement of repayment of proposed term loan, the company shall first repay term loan proportionately on the basis of total saleable area of the project, for area to be sold vis-à-vis loan amount. In case the same is required after start of repayment of proposed term loan, the company shall obtain NOC from the Bank for execution and registration of title deed in buyer's favor;
- Branch to obtain online search at CERSAI for proposed property to be mortgaged and ensure no charge is registered against the same and also to file charge with CERSAI as applicable immediately on creation of EQM prior to release of term loan as per HOBC 107/40 dated 01.06.2013. Branch to ensure that all our charges have been registered properly on the assets of the company well within stipulated time;
- Branch to adhere to all stipulation of commercial real estate policy as advised in HOBC No. 103/162 dated 15.01.2010 and other instructions issued from time to time more particularly:-
  - i) Branch to advise the builder/developer/company to disclose in the pamphlets/brochures etc the name of our Bank as mortgagee of the property.
  - ii) Branch to advise the Builder/developer/company to append the information relating to mortgage while publishing advertisement of a particular scheme in newspapers/magazines etc.
  - iii) Branch to advise the builders/ developer/company that the agreement to sale shall include a clause that payment shall be made for the credit of the building developers' account with Bank of India.
  - iv) Branch to advise the builders/ developer/company to indicate in their pamphlets/brochures that they would provide No Objection Certificate (NOC)/permission from the mortgagee bank for sale of flats/property, if required.
  - v) Branch to advise the builders/ developer/company to adhere to National Building Code of BIS regarding construction of buildings and lender's engineer should certify this adherence.
  - vi) All statutory requirements/permissions/licenses for construction should be ensured by the branch before/during and after construction as applicable.
  - vii) Trust and Retention Account (TRA) Escrow Account for receivables should be opened in the same branch and all the draw downs and sale proceeds for the project should be routed through this account.

#### **Post Disbursement Conditions**

- Branch to obtain Bank's empanelled Chartered Engineers'/Valuers' Certificate for verifying status of construction vis-à-vis amount disbursed at quarterly intervals commencing from September 2015; Branch to ensure proper end use of funds by obtaining report of Lender's engineer and by regular inspections & by verification of bills/invoices/receipts with regard to payments made & construction done. Inspecting Officer to specifically comment on this in the inspection report, which should be kept on branch record.
- Branch to cross sell bank's other products to the firm, its directors and guarantors for substantial amount.



- Charge on ROC to be filled within the stipulated time period and to obtain search report from ROC to ensure that all our charges has been properly registered on the assets of the company.
- Branch to ensure that registration of each flat will be done only after obtaining NOC from the bank.
- In case buyer of flats are willing for availing housing loan from bank in their individual capacity, installment of such housing loan by bank may be transferred to loan account directly and shall be considered as repayment towards bank loan.

#### 41. AUTHORITY FOR SANCTION / APPROVAL: ZLCC

Recommended

  
 (Rajesh Dube)  
 Senior Manager-Credit

  
 (R. K. Sharma)  
 Chief Manager

