

**KARNATAKA STATE POLICE HOUSING CORPORATION LTD.
No.59, Richmond Road, Bangalore – 560 025**

A. Highlights of Police “Gruha 2020 Scheme” :

Approved by Govt. of Karnataka vide GO No. HD 70 PBL 2013, Dtd.22/11/2013

a)	<i>Name of the Scheme.</i>	<i>Police Gruha 2020 Scheme.</i>
b)	<i>Cost of the project.</i>	<i>Rs.1818.00 Cr.</i>
c)	<i>Project implementation Period.</i>	<i>3 Years.</i>
d)	<i>No. of Residential qtrs. to be build all over the state for police personnel.</i>	<i>11000 Qtrs.</i>
e)	<i>25% cost to be given by State Govt. as Grant to implement the project.</i>	<i>Rs.454.50 Cr.</i>
f)	<i>75% Loan to be borrowed from Banks / FI's.</i>	<i>Rs.1363.50 Cr.</i>
g)	<i>Implementing agency.</i>	<i>The project has to be implemented through Karnataka State Police Housing Corporation Ltd. No.59, Richmond Road, Bangalore – 560 025.</i>

Note: This is the project in totalitly as envisaged. However, KSPHC has undertaken Phase-I of “Police Gruha-2020 the details of which is given in “B”.

B. Phase-I of “Police Gruha-2020” Scheme for which NIT has been approved by GOK vide letter no. HD 33 EFS 2014, Dtd.25/06/2014.

a)	<i>Loan now be borrowed in the 1st phase works as per NIT published in the News Paper on 30.06.2014.</i>	<i>Rs.500.00 Cr.</i>
b)	<i>No. of Residential Quarters to be constructed.</i>	<i>Approximately 3000 Residential Quarters will be constructed all over the state and these assets will be handed over to the Police Dept. after construction.</i>
c)	<i>Moratorium Period.</i>	<i>1 Year from the date of 1st drawal of the loan</i>
d)	<i>Loan repayment period.</i>	<i>Short Term Loan - 5 Years after completion of moratorium period / drawal of the last installment of loan whichever is earlier.</i>
e)	<i>Loan drawal schedule.</i>	<i>Rs.500.00 Cr. loan shall be drawn in 12 equal installments of Rs.41.67 Cr. each commencing from September / October 2014 on monthly basis. However, loan drawal pattern i.e., amount as well as frequency of drawal may vary as per actual fund requirement of KSPHC at its sole discretion.</i>
f)	<i>Guarantee for the loan.</i>	<i>Govt. of Karnataka Guarantee, no other collateral security shall be given or charge shall be created.</i>
g)	<i>Repayment of loan installments and interest – through Budgetary support by State Govt.</i>	<p>I) <i>Repayment of interest only during moratorium period will be paid on quarterly basis. Further, repayment of Principal along with Interest will be paid on quarterly basis after moratorium period.</i></p> <p>II) <i>The GOK will allocate necessary funds in the State Budget for Repayment of Principal and Interest. The grant has to be drawn by KSPHC on quarterly basis and paid to Banks / FI's.</i></p> <p>III) <i>However, KSPHC / GOK may decide to go for One Time Settlement / foreclosure of the loan in part or in full, at its discretion.</i></p>

C. Quotation format for Banks / FI's

Format for furnishing interest rate and other Terms & Conditions by Banks / Financial Institutions for lending 500.00 Cr. as short term loan to Karnataka State Police Housing Corporation Ltd., No.59, Richmond Road, Bangalore – 560 025 against NIT published in the News Paper on 30.06.2014.

SI No	Name of the Banks / Financial Institutions with address & Ph. No.	
A	<i>Rate of Interest quoted for Rs.500.00 Cr. loan:</i>	
	a) Floating rate of interest:	
	<i>I. Present Base rate</i>	
	b) Fixed rate of interest:	
	<i>I. Present Base rate</i>	
	<i>II. Interest reset period with Conditions</i>	
	<i>III. Interest reset period (margin over the base rate)</i>	
B	Other Terms & Condition.	
	<i>I. Pre-Closure of the loan. (Facility available or not Pl. tick Yes / No)</i>	Yes / No
	<i>II. If Pre-Closure charges are applicable please indicate Terms & Conditions along with charges.</i>	
C	<i>Conditions if any for switchover to floating rate to fixed rate and vice versa.</i>	
D	<i>Any other charges for loan sanction v.i.z., processing & others charges please specify.</i>	

Note:

- 1. No Pre-closure charges will be paid by KSPHC as per our NIT published in News Papers on 30-06-2014.*
- 2. There should not be any clause / condition in the lending arrangements which leads to unilateral decision of the lending Banks / FI's to vary / modify the Terms & Conditions without consent and concurrence of KSPHC in writing.*
- 3. Quotation shall be submitted for entire loan of Rs.500.00 Cr. Quotations for part loan shall not be accepted. However, consortium arrangement is allowed, wherein lead Bank shall own the responsibility of lending the entire loan amount with uniform Terms & Conditions.*

**Name and Signature of the Officer
with official Seal**

D. Financial Position / Statements of KSPHC for the last 3 years

I. *The Annual Reports for the Financial year 2011-12 and 2012-13 have been handed over to all the Banks / FI's who have attended the meeting in KSPHC on 10.07.2014.*

II. *The Annual Accounts for FI 2013-14 is yet to be compiled. However, as desired by Banks / FI's the following provisional & un-audited figures are furnished:*

a) Turnover of the Corpn.	Rs.282 Cr. (works expenditure)
b) Gross Profit	Rs.22.84 Cr. (before Tax)
c) Net Profit after tax	Rs.14.78 Cr.
d) Income Tax paid	Rs.8.02 Cr.
e) Reserves & surplus	Rs.104.32 Cr.
f) Profits carry forward	Rs.5.37 Cr. (after all provisions)
g) Cash with Banks	Rs.176.26 Cr.
h) Fixed Deposit with Banks	Rs.170.00 Cr.

E. Clarification of moratorium period:

Many bankers have pointed out ambiguity or lack of clarity in the NIT on moratorium period and loan repayment period. It is clarified that there shall be a moratorium period of 1 year from 1st drawal of the loan installment. The loan repayment period shall be 5 years commencing from the date of drawal of last installment of loan or completion of 1 year whichever is earlier.

F. Proceedings of the Pre-bid meeting with banks and financial institutions held on 10/7/2014 at 11.a.m. for borrowing short term loan of Rs.500.00 Cr. from Banks & FI's

Today, as scheduled at 11.00 A.M., a pre-bid conference was held to clarify the doubts / queries of interested banks and financial institutions to fund Rs.500 Cr. for Police Gruha -2020 scheme. Altogether representatives of 16 Banks and 4 Financial Institutions attended the meeting. The undersigned along with Sri. Kalluraya (CAO) and Sri. Jayaramappa (PMA) attended the meeting to clarify the points. Following issues were broadly discussed:

- 1) The banks wanted the details of the projects like locations, ownership of constructed buildings, existing loan and repayment, mode of disbursement of loan etc , which were clarified.*
- 2) The banks and financial institutions wanted to know about the financial health of the Corporation for which copies of Annual reports of 2011-12 and 2012-13 were given to them.*
- 3) The banks and financial institutions wanted to know the current financial health of the Corporation during FY 2013-14. FA informed that the financial achievement in 2013-14 is extremely good and indicated the turnover as well as profit position. However, the banks and financial institutions requested to give provisional (un-audited) figures like turnover, profit, income tax paid , surplus and reserves etc . They were assured that the same will be made available by e -Mail / uploading the information on KSPHC website.*
- 4) Many banks pointed out the RBI guidelines restrain the banks to lend loan merely on the basis of government guarantee and budgetary support for repayment of any loan. FA said that this condition is not negotiable, as no charge shall be created against the proposed loan and the Corporation has availed loan earlier from HUDCO, HDFC Ltd. and Canfin Home on the basis of Government Guarantee.*
- 5) Most of the banks and financial institutions requested to give them a common format to submit their quotation and terms & conditions, which was agreed to, as it would also help in evaluation and comparison.*

- 6) *The banks pointed out that in the NIT there is lack of clarity, as moratorium period of one year is not clearly spelt out. It was clarified that moratorium period is for one year and loan repayment period is for 5 years from the drawal of last instalment.*

Accordingly, it was assured to all the interested banks and financial institutions that KSPHC shall upload and e-Mail the required information like key financial indicators during 2013-14 as well as clarifications on moratorium of loan repayment period along with a format for submission of the bid.

Sd/- 10-07-2014
Financial Advisor