

Is any of the
Directors/Partner
s of the clients
related to Bank's
Executives/
Directors
No

Name of key personnel, their Background, their current responsibilities					
Name	Designation	Qualification	Experience	Date of joining the Company	Current Responsibilities
Mr.Ershad Irani	G M – Design	B.E. Mech.	26 years in the field of Crane design up to 300T	10.03.2000	Design & Engineering
Mr. H P Raina	GM Operations/ Works	B.E. Mech.	24 Yrs.	02.10.2003	Production/ after Sales Service
Ms. Ruby Chandran	Manager Purchase	B.Com.	20 years	01.04.1985	Purchase Department
Mr. Yaga Rao	Manager Accounts	B.Com. D.T.P.	30 Years	09.11.1998	Accounts Department
Mr Baby Thomas	P&A Manager	B.A.LLb.D.L.P.	35 years	13.07.1999	Personnel & Admn. HRD

APPLICANT'S CONTACT PERSONS:

NAME	DESIGNATION	T.No; /MOBILE No:
Mr. Jabbar Parekh	Managing Director	
Mr. L.K. Bagga	Manager Accounts	

3. SHARE-HOLDING PATTERN : Whether closely held : Yes/No

Shareholding Pattern: as on 31.03.04

Name of Shareholder	No. of Shares held	Percentage (%) to Total No. of Shares held
Mr. Mehul Parekh	863003	46.88
Mr. Jabbar Parekh	508555	27.62
Mrs. M. Parekh	46232	2.51
Mr. N. J. Parekh	46232	2.51
Mrs. Meena Parekh	46232	2.51
Mr. K. J. Parekh	30828	1.68
Mr. Nimit Parekh	100000	5.43
Jhandu Enterprise	100000	5.43
Hi Tech Ltd	100000	5.43
City Link Steel Traders	10	
Yankee Steel Corp.	10	
ANURADHA Cranes P Ltd.	10	
Chiman Shah & co.	10	
Total Shares	1841122	100.00%

4. CAPITAL MARKET – Details – The Company is not a listed Company and hence not applicable.

5. PROMOTERS BACKGROUND AND BRIEF HISTORY OF THE UNIT/CONCERN:

5.1 M/s Anuradha Industries Ltd (AIL) was promoted by Mr. Mehul Parekh in 1973 and certificate of incorporation was obtained on 29.10.98. The ANURADHA group is headed by Shri. Mehul Parekh, founder Chairman, who is a sound technocrat with an experience of 4 decades. Under his leadership a team of young technocrats Mr. Janam. Parekh, Mr. Nimit Parekh Mrs. Shruti Parekh and Mrs. Meena Parekh with rich experience are heading the different operations. They are backed by a team of professionals having experience of more than 3 decades in various functions like Finance, Marketing and Operations.

5.2 MR. MEHUL PAREKH, (CHAIRMAN)

He is B.E (Mech.) from BIT (Meshra). He graduated in 1964 and joined M/s. Heavy Engineering Company, Ranchi. He served in the Crane Design Department for Nine Years and was incharge of department He started ANURADHA Engineering Works in Gujarat in the year 1973. He is presently looking after overall functioning of the Unit.

5.3 MR. JABBAR PAREKH (MANAGING DIRECTOR)

He is B.E. (Mechanical) from B.V.M. (Vallabh Vidhyanagar). Being MD of the organization, he is looking after all the operations like Marketing, Finance, Production and Purchase, in addition to Business Development.

5.4 MRS. MEENA PAREKH (EXECUTIVE DIRECTOR)

She is a Science Graduate. She is looking after Marketing Operation Viz. Design, Estimation, Offer Submission & Contract Execution.

5.5 MR. B. D. THYAGA (DIRECTOR – CONTRACT)

Mr. B. D. Thyaga is looking after marketing all over India, Execution & Business Development activities. He has an experience of 28 years in this line.

5.6 MR. H. P. RAINA (GENERAL MANAGER – OPERATION)

As a General Manager – Operation, he looks after all the production & order execution activities & has more than 30 years of experience of manufacturing material handling equipment.

5.7 MR. ERSHAD IRANI (GENERAL MANAGER – DESIGN)

As a General Manager (Design), he looks after the entire Design activities and has more than 25 years experience in the field of Crane Designing up to 300T.

AIL, a 30 years old company, is ISO 9001 certified and one of the market leaders in Crane Manufacturing and has made its name in practically all core sector industries i.e. Power, Cement, Coal, Heavy Engineering etc. and is in a position to supply highly specific customized cranes, Classifiers, Impact Crushers and Apron Feeder etc. The company has a satisfied customer base all over India and abroad, using more than 2000 Cranes.

6. GROUP PROFILE : (ANNEXURE-I also contains details against this item)

Group's main interests:		
Common Promoters between applicant and the group (Name)		
Name of concern	ANURADHA Global Ltd	ANURADHA Crane & Equipment Pvt. Ltd. .
Main activity	Software Development and E business Solutions.	Manufacturing of cranes
Constitution	Public Limited	Private Limited
Name of Directors/ Partners	Mr. N. J. Parekh Mrs. M.N. Parekh Mr. Mehul Parekh Mr. J.C. Parekh	Mr. Mehul Parekh Mr. J.C. Parekh
Main Banker	Hind Bank Ltd	Jai Hind Limited
FY	2003-04	2002-03
Turnover	Rs. 44.68 Lacs.	Rs. 471.00 Lacs
PAT	Rs. 26.03 Lacs	Rs. 6.48 Lacs
Net Worth	Rs. 123.47 Lacs	Rs. 32.04 Lacs
Net fixed assets	Rs. 76.40 Lacs	Rs. 49.56 Lacs

7. BANKING ARRANGMENT OF THE APPLICANT:

(Rs in lakhs)

	Banking arrangement	If Consortium, Leader	FB Limits from the Banking system	NFB limits from the Banking system	Total FB and NFB
Existing	SOLE	NA	469.41	176.00	645.41
Proposed	SOLE	NA	684.41	400.00	1084.41

8. PRESENT REQUEST :

(Rs. in lacs)

Name of facility	Existing Limit	O/s as on 21.07.04	Proposed by branch	Primary Security	Margin(%)	Rate of Interest/ Commission
Fund Based						
CC	350.00	346.27	500.00	Stocks & Book Debts	25% to 50%	12.00%
PC/Postshipment (Adhoc) @	35.00	34.83	(250.00) (50.00)			
Term-Loan I	100.00	84.41	To continue	Fixed Assets	25.00%	12.00%
Term-Loan II			100.00	Fixed Assets	25.00%	12.00%
Total FB	485.00	465.51	600.00			
Non Fund Based						
BG/LC	150.00	150.37	400.00	Counter Guarantee	20.00%	As per extant guidelines
Adhoc (BG)@	26.00					
Total NFB	176.00	150.37	400.00			

@ Dy Managing Director has permitted an adhoc PC/FBNU/FBNS Limit on 17/12/2003 to execute an export order in two tranches, as manufacture of cranes takes about 3 to 6 months and Adhoc BG limit of Rs.26 lakhs on 7.7.04, to the company for issue of performance guarantee in favour of Maharashtra State Electricity Board, in lieu of a contract received from the latter for supply of cranes. The same shall be merged with the proposed enhanced BG/LC limit of Rs.400 lakhs.

PC/Post Shipment and ILC Limits are proposed as sub-limits under the enhanced CC limit of Rs. 500 Lacs now.

COLLATERAL SECURITY: -

(Rs. in lacs)

Full particulars as stated in the regd. documents & observed on physical insp.	Book Value	Market Value	Date of Valuation	Name of the approved Valuer	
EM of leasehold factory land measuring 2508 Sq. Mt. and building with built up area of 2337.90 Sq. Mt. at Plot No.138, Meghla Industrial Estate,Surat	06/04/04	Mr. M.N. KASHYAP, Chief Manager	171.13	07/03/03	Mr. Nihir Dave
EM of industrial sub-plot No.121, 122, 123, 124, admeasuring 5760 Sq. Mt. situated at Karamgad, Gujarat	06/04/04		65.08	07/03/03	Mr. Nihir Dave
EM of land measuring 426.77 Smt and residential building with built up area of 440 Smt located at Plot No. 154, "ANURADHA", Nana Bazaar, Surat, Gujarat owned by Late Ms. Anuradha Parekh, Mr. Mehul Parekh, Mr. Nimit Parekh, Mr. K J Parekh and Mr Jabbar Parekh.	06/04/04		69.33	07/03/03	Mr. Nihir Dave
EM of 3 residential plots at sub plot No. A/7, A/8 & A/9 admeasuring 1901.89 Sq. Mt. situated at Parth Township, Karamgad owned by Mrs. Shruti Parekh, Mrs. Meena Parekh,	06/04/04		47.54	07/03/03	Mr. Nihir Dave
Residual value of plant & machinery held as primary security under TLI			95.59		
Pledge of deposit			15.00		
TOTAL			463.67		

10. THIRD PARTY GUARANTEE:

Name	Constitution	Relationship to applicant	Net Worth (Rs Lacs)	As on
1.Mr.Mehul Parekh	Individual	Chairman	18.45	31-03-04
2.Mr Jabbar Mehul Parekh	Individual	Managing Director	36.15	--DO--
3.Mrs.Shruti Parekh	Individual	Director	19.46	--DO--
Mr.N J Parekh	Individual	Director	16.20	--DO--
Mrs.M Parekh	Individual	Director	17.20	--DO--
Mr K J Parekh	Individual	Director	20.70	--DO--

11. POSITION IN REGARD TO EXPOSURE NORMS AS PRESCRIBED BY RBI & ANY RESTRICTIONS IMPOSED BY RBI

[Rs. in lacs]

CREDIT EXPOSURE	For this concern		Group Concern	
	Existing	Including Proposed Ones	Existing	Including Proposed ones
I. FUND BASED				
a. Working Capital				
i. Cash Credit/PC/Billd	385.00	500.00		
ii. Bills limit/Chq. Purchase				
B. Term Loan	84.41	184.41		
TOTAL	469.41	684.41		
II. NONFUND BASED	0.00			
i. LC/BG	176.00	400.00		
ii. DPG				
TOTAL	645.41	1084.41		
Our Norms 15%/40%		2900.00		7900.00

Bank's Net worth = Rs. 197.98 crores as at 31.3.04 (Tier I + Tier II capital)

The recommended limits are within the exposure norms.

12. UTILISATION AND EARNING SUMMARY OF FACILITIES (during the past 10 months)

FUND BASED :

(Rs. in lacs)

Type of facility (To be given facility-wise)	Minimum	Maximum	Average	Current o/s as on 21-07-04	Overdue	Age of Overdue	Earnings (Int/Commn. etc) (Since August 03 till May 04)
CC	252.75	376.00	351.00	346.27			42.10
Term-Loan	84.81	100.00		84.81			11.39
Packing Credit/FBNU	20.00	20.00	20.00	19.83			0.85
Bills Discounted	15.00	15.00	15.00	15.00			0.26
							54.60

NON FUND BASED : BANK GUARANTEE

Bank Guarantees issued & Outstanding as on date

(Rs. in lacs)

Sr. No.	B. G. No.	Date of issue	Favg.	Amount	Nature (Bid, Bond/EMD/ Mobilisation Advance/performance)	Due Date	Cash margin	Remarks
1	1/2003	19/8/03	NPCIL, RAPP	2962884	Performance	26/12/2006	20%	
2	2/2003	19/8/03	NPCIL, RAPP	2759254	Advance	26/12/2005	20%	
3	3/2003	19/8/03	Mysore Sugar	398486	Performance	31/1/2005	20%	
4	6/2003	09/04/2003	HPSEB, Mandi	819460	Performance	21/8/2004	20%	
5	7/2003	09/04/2003	L&T-NPCIL	259871	Performance	30/07/2004	20%	
6	8/2003	09/04/2003	NPCIL_Tapp	872312	Performance	13/9/2005	20%	
7	09/03-04	8/9/03	NHDC	403272	Performance	20/2/2005	20%	
8	10/2003	17/9/03	Voltas Ltd.	222640	Performance	30/9/2004	20%	
9	12/2003	3/10/03	Fouress Engg.	206400	Advance	31/7/2004	20%	
10	13/2003	11/01/03	Saint Gobain	147750	Performance	18/9/2004	20%	
11	14/2004	22/1/04	MAN Turbo	191928	Performance	31/7/2005	20%	
12	15/2004	28/1/04	Jaiprakash Indus.	2678539	Advance	31/5/2005	20%	
13	16/2004	27/2/04	NPCIL-Kalpakkam	525000	Security deposit	31/07/2004	20%	
14	17/2004	24/3/04	Alstom (I) Ltd.	585000	Performance	31/3/2005	20%	
15	18/2004		L&T, Vemagiri	450000	Advance		20%	
16	19/2004		L&T, Vemagiri	450000	Performance		20%	
			TOTAL	1,39,32,796				

Total commission earned -Rs. 7.49 lakhs

BG issued & invoked : Nil

Letter of Credit
Opened/Outstanding

(Rs. in lacs)

Sl. No:	LC.No	Date of opening	Favg.	Amount	Import/Local DP/DA	Due Date	Cash margin	Remarks
1	339/ILC/20/	15.4.04	City Link Steel Traders	6.5	DA	14.7.04	20%	
2	22/2004	3.6.04	Yankee Steel Corp	2.5	DA	7.9.04	20%	
	TOTAL			Rs. 20.50				

Total commission earned -- Rs.0.18 lakhs

LC Devolved

(Rs. in lacs)

Sl. No:	LC.No:	Date of opening	Favg.	Amount	Due Date	Date of Devolvement	Present status
1	01/030		Jimmy Steel Industries	3.480		0	Paid by company on 28.2.04

Note: The amount could not be debited to CC account, since effects sent for collection were yet to realise. However, liability cleared within 4 days.

13. TECHNICAL DETAILS OF UNIT:

Whether technology is available with promoter or to be obtained from outside sources.	Yes, Technology available with promoter.
Details of technical collaboration, if any	No technical collaboration; however, on a case to case basis the company obtains technical know how from a German manufacturer.
Availability of alternate technology and superiority of present technology	The company has an in house Engineering Department with R&D activities, and as of today, the company's technology in the crane industry is based on IS standards derived from ISO standard's, equivalent to the latest international technology.
Manufacturing process	The basic structure of the crane is fabricated from standard M.S. Plates and the welding process involved is manual arc-welding. <u>Machining of Components:</u> All the components of the crane, which are normally forged / cast involves turning, boring, teeth-cutting, slotting and shaping operations, depending on the type of components. There are almost around 300 to 500 components of different variety in each crane. <u>Assembly:</u> All the machined components are assembled for sub-assembly for main crane. Further, all sub-assemblies and bought-out items are assembled on the crane structure, which gives a final shape to the crane.
Production inputs, their availability and sources	M.S. plates, castings and forging are the major raw-materials. M.S. plates are available from Ahmedabad/ Mumbai market, Castings from local & Foundry/Forging from Delhi / Pune / Mumbai.
Effluents and their control	Being monitored
Any other related information	Nil

14. QUANTITATIVE DETAILS OF INSTALLED CAPACITY, PRODUCTION AND SALES:

Product	Year before (Actual) Period 2002-2003			Previous Year (Actual) Period 2003-2004			Current Year (Est.) Period 2004-2005		
	Capacity	Production	Sales	Capacity	Production	Sales	Capacity	Production	Sales
EOT Crane	100	42	42	100	55	55	130	78	78
Capacity Utilisation		42%			55%			60%	

(a) **PRODUCT PROFILE :**

The Company's product namely Cranes falls under the general head "material handling". The company manufactures Electrical Overhead Traction Cranes (EOT Cranes) and have supplied their products to all leading corporates, public sector companies and reputed government research organisations. They have a well earned reputation for the quality of their Cranes.

(b) **MARKET AND MARKETING :**

Catering to which market segment.	Industries like sugar, power plant, cement, steel, metallurgical, etc
Demand-Supply	Total market potential for customized crane of higher capacity, mainly going into new projects, would be around Rs.200 crores and is expected to grow @ 15% per annum, compounded, with an industrial Growth rate of 6 to 8%.
Market share of applicant	Around 8-10%
Major competitors, their respective market share, potential new entrants/substitutes	WMI (20%), Mukund (20%) & Unique (8%)
Marketing edge of applicant in terms of quality, pricing, tie-up	The company's products are ISO 9001 certified.
Selling arrangement/distribution network	References & Tenders
Major customers of the applicant	NCPIIL, L&T, Tata Projects, KBL, BHEL, BSES, NTPC, Indian Railways etc.

16. GENERAL OUTLOOK OF THE UNIT:

Industry outlook, business cycle, Govt. policies, new technology, etc. having a bearing on the prospects of the applicant	With Govt. of India's accent on infrastructure development as also the recent stress on developing India as a global manufacturing base, it is obvious that not only basic industries like steel & cement, utility and infrastructure like power will develop; but on account of such development there will be fall-out effect on other industries. Naturally, ANURADHA Industries Limited will also be a beneficiary of the general improvement in the industrial environs.
Diversification/strategic/expansion plans of the applicant	The Company has future plans to set-up facilities for manufacture of higher tonnage cranes and also special application cranes used in Nuclear Power Industry and container handling, in view of higher margins on these items. The company has the required land and to part finance this expansion project/for construction of factory, buy P & M, etc. , the company intends to come out with an IPO of Rs. 10.00 Crores, for which an MOU has been signed by the company with M/s KJMC for lead managing the issue.

**17. COMPLIANCE TO THE CREDIT POLICY OF THE BANK INCLUDING DEVIATION IF ANY,
Deviations - Nil**

18. EXPOSURE TO THE SECTOR : Metal & Metal products (Sub sector : Engineering):

- i. Existing Exposure to the Sector : 529.49 (0.46% of total advances)
- ii. Prescribed ceiling to the sub sector as per credit policy : 20% (Present exposure 0.46% of total advances)
- iii. NPA under the Sector : 9.78 (1.85% of total exposure)
(As on 31.3.04)

19. FINANCIAL SUMMARY : As per overleaf. Detailed financial analysis and CMA data are as per Annexure II and III.

20. COMMENTS ON FINANCIAL ANALYSIS

Capital

The paid up capital of the company is Rs.184.11 lakhs as at 31.3.04. The networth of the company has increased from Rs.302.37 lakhs as at 31.3.03 to Rs.328.85 lakhs as at 31.3.04 due to ploughback of profits. The same is estimated to increase to Rs. 393.66 Lacs.

Long term liabilities:

The long term loans from Banks/FIs excluding installments due within a year has decreased from Rs.119.57 lakhs as at 31.3.03 to Rs.68.54 lakhs as at 31.3.04. The same is projected to increase to Rs.153.54 lakhs as at 31.3.05 due to the proposed TL-II of Rs.100 lakhs. The fixed deposits and unsecured loans from shareholders amounting to Rs. 110 lakhs as at 31.3.04 is projected to continue at the same level.

Turnover

The turnover of the company has increased from Rs.1021.29 lakhs in the FY 2001-02 to Rs.1362.54 lakhs in the FY 2002-03 (+ 33.41%). The company has achieved a turnover of Rs.1547.20 lakhs in the FY 2003-04 as against the estimated turnover of Rs.1520 lakhs (achievement 101.79%). The company has achieved a turnover of Rs.325.05 lakhs for the quarter ended 30.6.04 and estimates a turnover of Rs. 2220 lakhs for the current year. The same appears achievable considering the orders in hand amounting to Rs.18.06 crores (Annexure III) and the proposed upgradation for manufacture of higher tonnage cranes.

Profit

PBT of the company has increased from 28.63 lakhs in the FY 2001-02 to 30.20 lakhs in FY 2002-03 due to increase in turnover. PBT has decreased to Rs.27.36 lakhs in the FY 2003-04 due to the phenomenal increase in price of steel during the year, part of which had to be borne by the company, as per terms of the orders. The situation is likely to improve during the year, in view of the price increase of raw-materials being now passed on to the end user.

Current ratio

Current ratio stands at 1.29 as at 31.3.04, marginally below the benchmark of 1.33.

Debt/Equity & TOL/TNW

Debt/Equity at 0.54 and TOL/TNW at 2.90 as at 31.3.04 are at acceptable level.

Stock, Receivable and Payable period

Stock holding period has decreased from 111 days as at 31.3.03 to 87 days as at 31.3.04. The same is estimated to increase marginally to 92 days as at 31.3.05 and is at acceptable level.

Receivable period has decreased marginally from 141 days as at 31.3.03 to 138 days as at 31.3.04. The same is estimated to further decrease to 110 days as at 31.3.05 and the unit being in capital goods mfg. industry, the final billing is done after the orders are fully executed and hence, is normal in this type of industry..

Payable period has decreased from 95 days as at 31.3.03 to 86 days as at 31.3.04. The same is estimated to decrease further to 77 days in line with the decline in receivable period and is satisfactory.

The overall manufacturing cycle at 125 days is satisfactory.

20.1. Our perception on overall financial position

The overall financial position of the company is satisfactory.

PART – II

1.1. Does applicant/any director/partners/associates appear in defaulter's/caution list of RBI, ECGC, FIS?

The non suit filed a/cs of Rs.1.00 crore and above as on 31.3.03, non-suit filed accounts as on 30.9.03 & willful defaulters list as on 30.09.03, published by RBI was perused and neither the name of the company nor the director's names are found in the list.

2. DETAILS OF CREDIT INVESTIGATION MADE:

Name of Official : Designation :

Source	Relevance of source to the applicant	Gist of Report
Mr.V.K.Parampita of Hotel Holiday Inn	Hails from same place Vallabh Vidyanagar	It is reported party is highly respectable and are straight forward
Ms.Reshma Shah of Sukan Corporation	Keeps good intelligence on various parties and knows the party well	It is reported that party is well established and honest in dealings

3. OBSERVATIONS ON UNIT VISIT:

Unit Visited by	M.N.KASHYAP, Chief Manager	on	04/06/04
Observations: The company has a shop floor area of 1300 sq.ft. Their office has a built up area of 700 sq.ft. At the time of visit one crane was being despatched against an export order. They were also having two cranes in the assembly line. Further four cranes were under various stages of manufacture on the shop floor of associate concerns.			

4. BRANCH MANAGER'S JUSTIFICATION FOR REQUESTED FACILITIES:

(Rs. in lacs)

Nature of Facility	Limit	Justification
Cash Credit Stocks & Book Debts (Sub-Limit for Packing Credit/Post Shipment-Rs.250.00 lacs) Sub Limit for ILC –Rs.50.00 lacs	500	Current year estimates regarding sales and profit are considered achievable taking into account the availability of pending orders of Rs. 18 Crores and invoicing already made for over Rs. 2 Crores, till date.
Bank Guarantee Limit	400	Order processing, execution require BGs. Detailed Statement of Orders, verification of order terms & conditions etc. justifies BG limit.
Fresh Term-Loan	100	The unit is required to immediately upgrade their manufacturing facilities in order to manufacture higher tonnage cranes and also handle several orders, simultaneously. This up-gradation is a must for now and future.

5. IF SWITCH OVER FROM EXISTING BANKERS, REASON:
NOT APPLICABLE

6. TERMS AND CONDITIONS NEGOTIATED/AGREED:

	Negotiated and agreed by applicant	Possibility of further negotiation if any
Interest rate on FB Facility	12% (CC) and 8.50% (PC/Bills)	
Commission rate on NFB Facility	As per extant guidelines	
Service Charges	0.50% on enhanced portion	
Processing Charges	0.10% on enhanced portion	
Primary Security and its value	CC : Hyp of stock TL : Hyp of m/cs	
Collateral Security and its value	App.Rs.548.08 lacs	
Security margin for FB Limit	25% (CC & PC) 50% (Book Debts)	
Personal/third party guarantee	Personal Guarantee of all directors	
Repayment terms	For Term Loan –60 months	
Other major covenants	Nil	

7. ANCILLARY BUSINESS POSSIBILITY:

Company is exclusively dealing with us. Branch has started getting export business form the company. Besides, savings accounts of over 50 employees of the company has been opened with the branch. Branch is also sanctioning loans to these employees under various loan schemes of the bank.

8. TOTAL YIELD EXPECTATION FROM THE RELATIONSHIP:

12 .68% p.a. (annualsed) and commission income of 2-3% on BG/LC.

9. COMMENTS ON THE PAST CONDUCT OF ACCOUNT (in the case of existing client)

Satisfactory

10. MAJOR INSPECTION /AUDIT OBSERVATIONS AND RECTIFICATIONS (in the case of existing client) : NIL**11. PROJECT FINANCE :****BRIEF DETAILS OF THE PROJECT :**

The demand for higher tonnage cranes above 125 T capacity with 24 Meter span is on the increase with a lot of power projects coming up in the range of 500 MW to 700 MW. The Company is proposing to cater to higher tonnage cranes since, the competition is lower in this segment, resulting in better realisations. The company has received orders of Rs.2.6 crores from MSEB and Rs.1.9 crores from L&T for this range of cranes. Currently, there are only two players in India manufacturing higher tonnage cranes.

The company has to upgrade their material handling capabilities i.e. increase the handling capacity of Fabrication and Assembly sheds and upgrade load testing facilities in order to manufacture higher tonnage cranes The total cost of upgradation as per Chartered Engineers estimate is Rs. 140 Lacs and the Company has requested for a term loan of Rs. 100 lacs, repayable in 60 monthly equal installments.

Project Cost

Particulars	Cost (Rs in lakhs)
Capacity upgradation from 7.5 to 12 T	16.68
Capacity upgradation from 10 to 15 T	17.82
Capacity upgradation from 15 to 25 T	21.85
Capacity upgradation from 35 to 50 T	25.84
Strengthening of existing Gantry Girder in shed 1&2	12.15
Rail replacement for shed 1 & 2	4.01
Load block 70 T & assembly stands	26.04
Electrification, consumables, miscellaneous	9.03
Contingency	4.60
Total	140.00

Means of finance	(Rs in lakhs)
Promoters contribution (from internal accruals)	40.00
Bank finance	100.00
Total	140.00

The company estimates a PAT of Rs.60.54 lakhs for the current year and internal accruals are adequate to meet the margin on proposed TL.

Highlights of projected financials:

Particulars	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
	-2004	-2005	-2006	-2007	-2008	-2009	-2010
Turnover	1547.20	2220.00	2700.00	3100.00	3600.00	4200.00	4700.00
(Growth)		43.49	21.62	14.81	16.13	16.67	11.9
PAT	26.36	60.54	155	181	153.97	154.77	152.36
PAT/Sales(%)	1.70	2.73	5.74	5.84	4.28	3.69	3.24

Comments on projected financials

- i. The company is proposing to upgrade their material handling capability and manufacture higher tonnage cranes. The company has already registered with various EPC contractors operating worldwide like Kawasaki Heavy Industries, Japan; GE Power, USA; Siemens, Germany and Doosen Heavy Industries, Korea. The company has started getting enquiries for cranes in this range and has estimated export sales of Rs.200 lakhs and also expects large orders in the domestic front relating to higher tonnage cranes during the current year. Besides, the company has orders in hand amounting to Rs.18.06 crores at various stages of production. Hence, the estimated turnover appears achievable.
- ii. The growth in turnover is estimated to decline over the years which is very conservative and is satisfactory.
- iii. The company has estimated an increase in profitability during the current year due to commencement of export sales and better realisations from higher tonnage cranes. Further, no dividend is proposed to be paid till 2006-07. Dividend @25%, 30% & 40% proposed for 2007-08, 2008-09 & 2009-10.
- iv. The profitability is expected to increase in the subsequent years i.e. FY 2005-06 and 2006-07 due to increase in export sales & consequent increase in total turnover & reduction in fixed expenses.

Particulars	2004- 2005	2005- 2006	2006- 2007	2007- 2008	2008- 2009	2009- 2010	TOTAL
Surplus	60.54	155.00	181.00	153.97	154.77	152.36	857.64
Dep	24.96	39.96	39.96	54.96	54.96	54.96	269.76
Interest	13.50	19.60	23.28	22.20	20.28	12.36	111.22
Total (A)	99.00	214.56	244.24	231.13	230.01	219.68	1238.62
Instalment	26.67	40.00	40.00	40.00	28.33	13.33	188.33
Interest	13.50	19.60	23.28	22.20	20.28	12.36	111.22
Total (B)	40.17	59.60	63.28	62.20	48.61	25.69	299.55
DSCR A/B	2.46	3.60	3.86	3.72	4.73	8.55	4.13
Avg. DSCR		4.49					

Average DSCR at 4.49 and weighted Average DSCR at 4.13 is comfortable. The upgradation of its material handling capability is expected to take around three months. We may sanction TL of Rs.100 lakhs for the same to be repaid in 60 months including repayment holiday of 3 months.

Assumptions on DSCR:

- The Rate of Interest on TL (existing and proposed) is computed @ 12% p.a. payable monthly.
- The TL instalments include repayment towards existing TL @ Rs. 20/- lacs per annum. The existing Loan will be repaid in full by August 2008.
- Repayment towards proposed TL is assumed to commence from December 2004, ie. 4 months in 2004-2005.

12. WORKING CAPITAL FINANCE:

I. TANDON COMMITTEE

(Rs in lakhs)

		31 03 04	31 03 05	31 03 06
I	TOTAL CURRENT ASSETS	1002.14	1235.15	1460.98
I (a)	Less: EXPORT RECEIVABLES		55.00	75.00
I (b)	NET CURRENT ASSETS	1002.14	1180.15	1385.98
II	TOTAL CURRENT LIABILITIES (Excl bank borrowings)	405.86	475.00	488.50
III	WORKING CAPITAL GAP(I-II)	596.28	760.15	972.48
	MINIMUM REQUIRED NET WORKING CAPITAL			
IV	METHOD II [25% OF 1(b)]	250.54	295.04	346.50
V	METHOD I (25% of III)	149.07	190.04	243.12
VI	ACTUAL/PROJECTED NWC	225.38	260.15	322.48

		31 03 04	31 03 05	31 03 06
VII	BANK FINANCE REQUIRED			
VIII	METHOD II (III- IV)	345.75	465.11	625.99
IX	METHOD I (III- V)	447.21	570.11	729.36

The company has approached for enhancement in CC limit from Rs.350 lakhs to Rs.500 lakhs. However, keeping in view the MPBF of Rs. 465.00 Lacs, we may restrict the CC limit upto Rs.465 lakhs , i.e. enhancement from the present Rs. 385.00 Lacs (including Adhoc Limit of Rs. 35.00 Lacs).

13. BANK GUARANTEE FACILITY

Justification for the request for BG Facility:	To be issued in favour of Government Departments, Corporations, Renowned Companies, etc for execution of contract.
Adverse clauses, if any in the BG which are detrimental to the interest of the Bank.	Nil
Risk of invocation and its mitigation	Normal Risk
Adequacy of margin and collateral	Adequate

Bank Guarantee Outstanding : 139.32
Less; BG expiring during the year : 20.00
Additional BG required during the year : 182.00
BG required for anticipated orders to the tune of Rs.1800.00 lakhs (@5%) : 90.00

BG required : 391.32
We may sanction BG limit of Rs.400 lakhs to the company.

The company had approached us for an adhoc BG limit of Rs.26 lakhs to be issued in favour of Maharashtra State Electricity Board, in lieu of execution of an order for supply of crane, received from the latter. Issue of BG being a pre-requisite for starting the production and considering the urgency of the matter, our DMD has permitted the same on 7.7.04. SCCB may kindly ratify the action of our DMD.

14. DPG : Not applicable

15. (a) LETTER OF CREDIT (LC)

<i>INLAND LC</i>	Inland
<i>Purpose of LC</i>	To acquire raw material ie; steel from local markets
Type of LC and its specification	Usance
Period of LC	90 days
Beneficiary	Various Steel suppliers
Required LC limit and justification therefor	Rs.50.00 lacs as a sub limit under Cash Credit limit
Source of funds for meeting LC	
Risk of devolvement of LC	minimal

15 (b) Justification for Letter of Credit facility :

The company occasionally buys steel from local vendors through letter of credit, which is recommended as a sublimit under CC & is within the MPBF.

16. CREDIT RISK ANALYSIS

i. Industry position and outlook :(Crane manufacturing units are classified under “Material Handling”)

The material handling systems are a prerequisite for all major industries. Hence, the prospects of the Indian Engineering sector has improved with the improvement in industrial growth as an offshoot of the revival of economy. In view of the strong growth prospects in Power, Engineering and infrastructure projects, etc, besides the increased global demand, the future outlook of the industry in the short to medium term is optimistic.

ii. Company's position :

The company is one of the leading manufacturers of cranes in the country with a market share of around 10%. The company has orders in hand amounting to Rs.1800 lakhs and is expecting further orders of Rs.1800 lakhs during the year, with the upgradation of manufacturing facilities for manufacture of 125 T & 24 Meter span cranes.

iii. Financial discipline/Track record :

The past track record of the company has been satisfactory except for a solitary instance of LC devolvement. The same, however, was paid within 4 days.

iv. Management

The chairman of the company is a technocrat with rich experience in the industry & also having worked in Heavy Engg. Co, Ranchi, a Govt of India organisation. He is assisted by a team of technocrats lead by Mr. Jabbar Parekh (MD), Mr. Ershad Irani (GM-Design), Mr.H P Raina (Works manager). The company's affairs are being professionally managed.

In view of the foregoing, we are of the view that the proposal falls under normal business risk and is bankable.

17. ADEQUACY OF COLLATERAL SECURITY

(Rs in lakhs)

EM of properties	:	353
Residual value of plant & machinery held as margin for TLI	:	95.59
Pledge of deposit	:	15
Cash margin on BG/LC	:	80
Total	:	543.59
Proposed exposure	:	1049.41
Collateral security coverage available	:	52%

The branch has strongly recommended to consider the recommended limits, based on the collaterals available.

18. ADEQUACY OF LOAN COVENANTS AGREED UPON, ADDITIONAL COVENANTS, IF ANY, REQUIRED.

Loan covenants agreed upon are adequate. No additional loan covenants.

19. Branch Head's Recommendations

In view of what has been stated in detail above, we are giving below our categorical recommendations hereunder.

S.No	Nature of Facility	Limit	Security	Margin	Rate of Interest
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S.No	Nature of Facility	Limit	Security	Margin	Rate of Interest
1	Cash Credit – Sub Limit EPC / FBNU /FBNS/FBPU/ FBPS Sub Limit for ILC	Rs.500.00 lacs Rs.250.00 lacs Rs.50.00 lacs	Hypothecation of Stocks and Book Debts	-25% on stocks -40% on BookDebts upto 3 months old -50% on Book Debts from 3 months to 6 months old.	12%
2.	Term Loan	Rs.100.00 lacs	Hypothecation of assets to be created towards upgradation of the Shop Floor	25%	12%
3.	Bank Guarantee	Rs.400.00	Counter Guarantee for the party	20%	2% for PG 3% for FG

Conditions

1. The existing mortgage to be extended to cover the enhanced limits.
2. The valuation of the properties to be got done afresh from M/S.R.B.Shah & Associates.
3. The limits to be guaranteed by all promoter directors as under
 - a) Mr.Jabbar Parekh - NW—Rs.18.45 lacs
 - b)Mr.Mehul Parekh NW – Rs.36.15 lacs
 - c) Mrs.N Parekh NW –Rs19.46 lacs
 - d) Mr.N J Parekh NW –Rs.16.20 lacs
 - e) Mrs.Meena.Parekh NW - Rs.17.20 lacs
 - f) Mr K.J.Parekh NW –Rs.20.70 lacs

20. Cluster Head's Recommendations

SVP, CHO has endorsed the recommendations of the branch.

21. FINAL RECOMMENDATIONS OF CREDIT DEPARTMENT

- 21.1 The company's turnover has increased by 33% in FY 2002-03 and 22% in FY 2003-04. The projections are at acceptable levels keeping in view the past trends and the increase in turnover and realisations with the upgradation to manufacture of 125 T 24 mt span cranes.
- 21.2 The prospects of the industry and company are satisfactory in the short to medium term consequent to the revival in the Indian economy.
- 21.3 The credit rating of the company is RRR and applicable rate of interest is BPLR (12%).
In view of the foregoing, we recommend sanction of credit facilities to the company as under:

(Rs. In lacs)

S.No	Nature of Facility	Limit	Margin	Rate of Interest
1	Cash Credit – (Enhancement from Rs. 385.00 lacs, including Adhoc limit) Sub Limit EPC / FBNU /FBNS/FBPU/ FBPS Sub Limit for ILC (DP/DA)	465.00 250.00 50.00	-25% on stocks -40% on BookDebts upto 3 months old -50% on Book Debts from 3 months to 6 months old.	12% p.a., payable monthly <u>PC:</u> Upto 180 days-8.50% <u>Bills:</u> Upto 90 days – 8.50% 91 to 180 days-11.50%
2.	a) Term Loan – I (to continue) b) Term Loan -II	84.41 100.00	25% 25%	12% p.a, payable monthly
3.	Bank Guarantee (Enhancement from Rs. 176.00 lacs, including Adhoc limit)	400.00	20%	2% for PG 3% for FG

22. TERMS AND CONDITIONS:

22.1 Security:a. Prime security:

- i. Hypothecation of stock in trade & Book Debts
- ii. Hypothecation of P & M valued at **Rs.180.00** lakhs and other unencumbered Fixed Assets.

b. Collateral Security:

(Rs in lakhs)

EM of leasehold factory land measuring 2508 Sq. Mt. and building with built up area of 2337.90 Sq. Mt. at Plot No.138, GIDC Industrial Estate, V U Nagar, Anand, Gujarat.	171.13
EM of industrial sub-plot No.x, y, y/P, x/P, admeasuring 5760 Sq. Mt. situated at Hathi Maidan, Gola Chowki, Surat Gujarat	65.08
EM of land measuring 426.77 Smt M Parekh and residential building with built up area of 440 Smt located at C S No.1654, Plot No. 1454, “ANURADHA”, Nana Bazaar, Vallabh Vidyanagar, Anand, Gujarat owned by Late Ms. ANURADH PAREKH, Mr. Mehul Parekh, Mr. Nimit Parekh, Mr. K J Parekh and Mr. Jabbar Parekh	69.33
EM of 3 residential plots at sub plot No. B/87, B/88 & B/89 admeasuring 1901.89 Sq. Mt. situated at BingoTownship, Karamgad owned by Mrs. Shruti Parekh and Mrs. Meena Parekh	47.54
Residual value of plant & machinery held as primary security under TLI	95.59
Pledge of deposit	15.00
TOTAL	463.67

c. Cash Margin for BG/LC : 20%

d. Personal Guarantee of all Directors, viz; Mr.Jabbar Parekh, Mr., Mehul Parekh, Mr.Nimit Parekh, Mr.K J Parekh , Ms.Shruti Parekh, Ms.Meena Parekh and legal heirs of Late Mrs. Anuradha Parekh (one of the property owners).

22.2. Service Charges: 0.50% on enhanced portion

- 22.3. Processing Fee : 0.10% on total sanctioned limits
- 22.4. Period : CC – 12 months
 TL - 60 months
 PC - 6 months (maximum)
 BG- 3 years (excluding claim period, if any)
- 22.5. Usance period: LC – 90 days
 Post shipment : 180 days
- 22.6. Disbursement: To be disbursed directly to suppliers/contractors. Chartered Engineer's certificate to be obtained certifying end use.
- 22.7. Repayment: TL to be repaid in 57 monthly installments of Rs.1.76 lakh each and last installment of Rs.1.44 lakhs. Interest to be paid as & when due. Repayment holiday – 3 months.
- 22.8. Other terms and conditions:
- i. Unsecured loans/fixed deposits of Rs.110 lakhs as at 31.3.04 should be retained in business during the currency of our credit facilities.
 - ii. The properties offered as security should be got valued by our panel valuer before release of enhanced facilities and a copies of the valuation reports should be forwarded to CHO/AO.
 - iii. The Packing Credit Limit should be made available on loan to loan basis and only for the purpose of procurement of Raw-materials/Finished goods/Packing Material/Freight other shipment charges in respect of goods meant for export and only against the lodgment of Firm Sale Export Contract or L/Cs unrestricted for negotiation.
 - iv. The period of Packing Credit should be restricted to the period mentioned in the Firm Sale Contract/ Letter of Credit unrestricted for negotiation.
 - v. Submission of stock/book debts statement on monthly basis. Submission of QIS, as per schedule of submission. Stock / Book debts to be inspected once in a month.
 - vi. Stock Audit to be done once in 6 months with respect to stock position as at 30/09 and 31/3 every year, at company's cost and copy of stock Audit report to be sent to AO and CHO along with branch remarks.
 - vii. Sanction is subject to all other usual terms and conditions.

**PROCESSING OFFICER
(CREDIT)**

**CHIEF MANAGER
(CREDIT)**

**DY VICE PRESIDENT
(CREDIT)**

Board may peruse the Note No. Dated, 24.07.2003 of Credit Department and if approved may pass the following Resolution with or without modification:

"Resolved to sanction CC limit of Rs.465.00 lakhs with EPC/FBNU/FBNS/FBPU/FBPS of Rs.250.00 lakhs and ILC limit of Rs.50.00 lakhs as sublimit under CC, Term Loan II of Rs.100.00 lakhs and BG limit of Rs.400.00 lakhs with Sublimit of LC of Rs.75.00 lacs to M/s ANURADHA Industries Ltd., as per terms and conditions stipulated in the above note and ratify action of DMD in permitting adhoc BG limit of Rs.26 lakhs to the company."

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M/s ANURADHA Industries, Ahmedabad Branch:

Remarks:

Reasons for the variation in the tax provisions:

1. 2002-2003: Provision – Rs. 5.00 Lac
2. 2003-2004: Provision – Rs. 1.00 Lac
3. 2004-2005: Provision – Rs. 20.00 Lacs

Submission:

1. Though the Company has provided for Rs. 5.00 Lacs towards I.T in the Audited Financial Statements as at 31/3/2003, the actual I.T. as per I.T.R for A.Y. is only Rs.1.85 Lacs. Thus, the company has been carrying over the excess provisions made in the previous years for meeting the current tax liabilities, on year to year basis.
2. Further, the I.T. provision in Audited Financial Statements is the normal provision made in the company's books, after taking into account the excess provisions, if any, available under credit in Current Liabilities (Rs.6.61 Lacs as on 31/3/2003 and Rs. 10.62 Lacs as on 31/3/2004). It may also be noted that the actual Tax outgo may be less after taking into account the depreciation loss, which may vary from year to year.
3. In the year 2003, on a profit of Rs. 30.20 Lacs and depreciation as per I.T. Rules of Rs. 27.16 Lacs (book depreciation Rs. 13.58 Lacs as per Audited Financial Statements as at 31/3/2003), the company has paid an actual tax of Rs. 1.85 Lacs. Taking this into consideration and the provision of Rs. 10.62 Lacs available in the company's books towards I.T. as at 31/3/2004, on a profit of Rs. 27.36 Lacs for the year 2004 and depreciation as per I.T. rules, more or less remaining the same, in view of increase in the fixed assets (Gross Block) from Rs. 309.42 Lacs as at 31/3/2003 to Rs. 340.58 Lacs as at 31/3/2004, the tax provision of Rs. 1.00 Lac in our view is adequate.
4. The estimated profit as at 31/3/2005 is Rs. 80.54 Lacs. The company has proposed an addition to the fixed assets (Gross Block) of Rs. 135.40 Lacs for the current year. Considering this increase in fixed assets and the increase in profits (which is almost 194% compared to last year) and the depreciation provision already available in the books, etc., the additional tax provision of Rs. 20.00 Lacs for the current year ending 31/3/2005, in our opinion is reasonable.

A copy of company's letter dated 3/8/2004 is also enclosed for kind perusal.

Processing Officer

Chief Manager (Credit)

Date: 3/8/2004