



पंजाब नैशनल बैंक
punjab national bank

Credit Department, IBB Agra Email Id: bo3900@pnb.co.in
PNB IBB Sanjay Place Agra-282002.

The Director
M/s Euro Safety Footwear India Private Ltd.
B-49/4,49/5,54/2,54/3 EPIP Shastripuram
Agra

07.05.2020

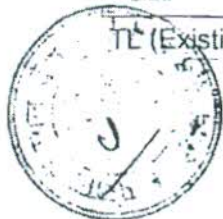
Reg: Renewal of Working Capital Limits and Fresh Sanction of Term loan in favour of M/s Euro Safety Footwear India Private Ltd

In relation to your application for Renewal of Working Capital Limits and Fresh Sanction of Term loan in favour of yours, The sanctioning authority has renewed/approved the following limits in favour of yours. The limit approved details with the terms and conditions as per Annexure I & subject to compliance of additional stipulations as under:

Nature (Rs in Crore)	Old Limits	New limits
PC/PCFC (Running)	26.00	26.00
FOBP/FOBNLC/FOUBNCL/FOUBP/FOBD	12.00	26.00
FABC within FOBP	1.00	1.00
CC (Hyp)	4.00	4.00
Fund Based Ceiling	42.00	42.00
ILG	1.00	1.00
ILC/FLC/FLG)DP/DA 120 (days)	8.00	2.00
Non Fund Based Ceiling	8.00	2.00
Term loan IB-609	3.16	3.16
Term loan IB593	0.52	0.52
Term loan Car Loans	0.41	0.41
TL Fresh	0.00	13.50
FLC(Capital Goods)-Within TL 13.50 cr	0.00	(6.00)
Forward contract limit@2%	2.70	2.70
	(135.00)	(135.00)
TOTAL COMMITMENT	56.79	64.29

Approval of ROI as under

Facility	Applicable ROI
Cash Credit (Hypo)	1 yr MCLR (8.45) + 3.50%=11.95% p.a..
PC/PS	1 yr MCLR (8.45) + 0.75% = 9.20 %
PCFC	LIBOR + 1.50%(Decided By treasury)
FCL#	6 Month LIBOR + 2.50%%
TL (Existing)	1 yr MCLR (8.45)* + 3.50%=11.95% p.a..



[Handwritten Signature]



पंजाब नेशनल बैंक
punjab national bank

Credit Department, IBB Agra Email Id: bo3900@pnb.co.in
PNB IBB Sanjay Place Agra-282002.

TL (Fresh)

1 yr MCLR (8.05)** + 3.50%=11.55% p.a.

*Next MCLR reset date 17.06.2020

** Next MCLR reset date 28.04.2021

Approval of Service Charges as under:

Service Charges	Facility	Proposed Charges
Upfront Charges	Term Loan	1.25% of the loan amount
Term Loan Review Charges	Term Loan	During implementation stage- 10 paisa per hundred Rupees. Maximum Rs. 10.00 lakh. After Implementation- 05 paisa per hundred Rupees. Maximum Rs. 5.00 lakh.
Documentation Charges	Over all Limit	50000+GST
Processing fees	CC/PC/PCFC/NFB	As per card rate
TEV Charges	0.10% of project loan amount	
FEX handling charges	As per card rate	
Other Charges	On Card rate as per bank guidelines	

Other issues.

- Continuation to allow Running PC/ PCFC facility.
- Continuation of Permission for maintaining Current a/c with SBI (Mumbai).
- Waiver of obtaining Buyer Wise ECGC Cover by the borrower
- Release the IP of the company at unit No. FF -551, FF-552, FF-553 situated at IT Park JMD megapolise, Sohna Road, Sec 48, Gurgaon, Haryana (To be mortgaged in M/s Euro Safety Equipment Ltd)

Additional Stipulation

- Company to undertake that the unsecured loans from Directors, friends and relatives of Rs.22.86 cr are subordinate to bank loan and would not withdrawn during currency of bank loan.
- In case of increase in cost of project, the borrower shall meet such costs, if any, from its own sources and shall not ask for any additional term loan from the bank.



52



पंजाब नैशनल बैंक
punjab national bank

Credit Department, IBB Agra Email Id: bo3900@pnb.co.in
PNB IBB Sanjay Place Agra-282002.

- The borrower shall get the above project assets insured against all risks at their own cost with usual bank clause. A copy of the insurance policy will be kept on bank's records also.
- Bank guidelines as envisaged in LA cir. 2/19 for Rupee Export Credit be meticulously complied with.
- The concession in service charges, will be passed only when RAROC comes into green zone.
- The payments should preferably be made directly to machinery suppliers, contractors, etc. Original bills/ cash memos in the joint names of bank and the company for all the fixed assets/machinery financed by bank shall be submitted by the borrower and to be placed on bank's record. TL will be released in stages as per physical progress of the project. Before actually disbursing the loan, the Bank must satisfy that the borrowing concerns contributed required margin for the loan. Further, it should also be ensured that margin stipulated is maintained/provided at each stage of disbursement.
- All terms and conditions of sanction are to be meticulously complied with.
- Penal interest will be charged as per bank guidelines for noncompliance of terms and condition of sanction.
- Waiver of obtaining Buyer wise ECGC cover by the company subject to condition that:
 1. All such buyers have satisfactory relationship with the company for more than three years and no bill drawn on them has ever returned unpaid.
 2. Branches must obtain Credit Rating/ Report on overseas buyers from Dun & Bradstreet/ similar agencies and ensure that there is no adverse report observed.
 3. Proposed buyer wise maximum cap be adhered to.

Name of Customer	Maximum cap for PS exposure limit
Bevaform Service & Handels GmbH (Austria)	15 Cr
Grohmann Schuhimport GmbH (Austria)	15 Cr
Other Customers	5 Cr.

Please submit the acceptance of the terms & condition of sanction at earliest.


Chief Manager



M/s. Euro Safety Footwear (India) Pvt. Ltd, BO: IBB, Agra

APPENDIX I

Detailed Terms and Conditions of Sanction

Terms and Conditions

Facility No. 1.

- Nature** : Packing Credit Running / PCFC
Amount : **Rs.26.00 crore** (Twenty Six crore only)-- Renewal
Margin : 25%
Interest : PC – As per sanction
 PCFC – (as per treasury division)
Security : i) Hypothecation on entire current assets of the company viz. stocks of Raw Material, Spares & Stores, consumable, stock in progress, Finished Goods, goods in transit/Shipping Documents etc covering export of Leather Footwear, Upper etc. entire debtors and other current assets, both present & future .
 ii) Deposits of confirmed orders and/or original irrevocable LCs of approved foreign banks in all PC accounts

Terms & Conditions

1. The firm to submit monthly statement of hypothecated goods/book debts as on last date of each month within 10 days from the close of the month, which shall be checked thoroughly by the branch officials, once in a month with regard to borrower's title, quantity and value, physically as well as from the books of the party.
2. Outstanding in Packing Credit should always correlate with the value of the orders/LC contracts in hand.
3. In case the party fails to export goods as envisaged within the stipulated period of 180 days/extended period from the date of advance interest to be charged as prescribed by HO/RBI guidelines from time to time.
4. The firm to give a written undertaking to the bank that the advance under the Packing credit limit would be got adjusted within a period of 180 days from the date of advance or the period required for manufacturing/shipment of goods or within the validity date of LC/Export order, whichever is earlier by negotiating export documents through our bank in respect of LCs/Export Orders deposited with us.
5. Advance should be well covered under Whole Turnover Pre-Shipment Policy of ECGC at party's cost.
6. Goods should be insured against all normal risks in the name of the bank and the firm at firm's cost and a copy of the policy to remain with the bank.
7. The firm should undertake to deposit the amount of advance payment received, if any from the foreign buyers in packing credit account. The value of order/DP to be suitably adjusted.
8. The drawing power under the limit will be restricted to 90% of FOB Value of the LC/Export order lodged with the bank subject to availability of the DP against stocks relating to export only and hypothecated with the bank as Primary Security.
9. The PC shall be adjusted within proceeds received from the Export house / export bills. Borrower shall give an undertaking credit has been allowed by us will be negotiated only through our bank.
10. Packing credit shall be marked off with the proceeds of export documents which no packing credit has been drawn by the exporter.
11. Outstanding in packing credit account shall be adjusted by the export bills on ~~FIFO~~ basis

KL

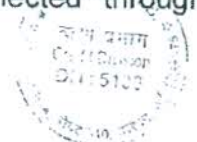


M/s. Euro Safety Footwear (India) Pvt. Ltd, BO: IBB, Agra

(First in First out). While marking of the pre-shipment credit it shall be ensured that concessive credit available in respect of individual pre-shipment does not go beyond the period as stipulated in the sanction or 360 days from the date of advance whichever is earlier.

12. **Stock Valuation:** The stocks to be valued at cost price or FOB value or realizable value whichever is lower.
13. **Insurance:** Borrower shall get the hypothecated stocks, including stocks in transit, insured for full value covering the risks of fire, thefts, burglary, SRCC (Strikes, Riots, Civil Commotion) earthquake, terrorist risks, floods, riots etc., in the joint names Bank & the borrower with 'Agreed bank clause' at borrower's cost.
Stock in transit will be insured against all transit risks. The policies/cover notes or duly attested copies thereof will be obtained and placed on the records of the Bank.
14. **Nature of accounting:** Packing credit shall be allowed through separate accounts (FBA Type Accounts) for each packing credit. The facility of packing credit may be allowed on running account basis (only if permitted by competent authority) provided all the terms & conditions and guidelines of HO, as amended from time to time are complied with and hypothecation agreement duly amended to cover running account for PC facility to be obtained.
15. **Stock verification:** Stocks under packing credit advance will be checked/verified on monthly basis at irregular interval by Bank's officials and borrower till the date of shipment to facilitate the Bank in this regard.
16. **Period of packing credit:** Each packing credit shall be adjusted by the borrower within the specified period duly assessed on the basis of the total operating cycle from procurement of raw material to actual shipment of finished goods or validity period of Export Order/LC, whichever is earlier.
17. The PC shall be adjusted with the Post Shipment or proceeds received before shipment from Overseas Party. Borrower shall give an undertaking that the bills relating to exports against which packing credit has been allowed by us will be negotiated/purchased/discounted only through our Bank.
18. The borrower shall certify that they are not on the Exporters' caution list of RBI or "Specific Approval" list of ECGC. The borrower shall undertake to inform the Bank immediately if and when their name is included in the aforesaid list(s). Branch shall also verify this independently.
19. The borrower shall furnish a stamped undertaking that all exchange control/import trade control regulations will be complied with and that the conduct, operation and maintenance of packing credit would be strictly as per laid down instructions of the Bank/RBI/ECGC.
20. Any advance payment received by the borrower against supplies shall be deposited with the bank in PC account and borrower to undertake to do the same.
21. The outstanding in the limit will be co-related to the unutilised portion of confirmed orders/LCs.
22. For shipment the goods shall be sent to approve clearing agents through approved transporters/rail only. In no case these are to be sent to unapproved clearing agents or through unapproved transporters without prior approval of Banks competent authority.
The exporter should invariably submit the original sale contract/confirmed order/letter of credit, which should be retained by the branch for their records. AD branches to ensure to get the Credit Report of the buyer/consignee from approved rating agencies as approved by IBD-HO before PC. In case of documents to be collected through

52



M/s. Euro Safety Footwear (India) Pvt. Ltd, BO: IBB, Agra

unapproved bank, AD branches must seek specific approval of the collecting bank from IBD-HO in terms of prevailing guidelines contained in AGENCY ARRANGEMENT CIRCULAR

(a) Borrower shall produce letters of credit from approved bank /firm orders within a reasonable period of time i.e. within a period of one month from the date of sanction. A letter of commitment for lodgement of LCs/firm orders within the time frame of 30 days be submitted by the exporters to be kept on Bank's record.

(b) Running account packing credit shall be marked off with the proceeds of export documents against which no packing credit has been drawn by the exporter.

(c) Outstanding in packing credit account shall be adjusted by export bills on FIFO basis (First In First Out). While marking of the pre-shipment credit it shall be ensured that concessive credit available in respect of individual pre-shipment credit does not go beyond the period as stipulated in the sanction or 360 days from the date of advance whichever is earlier.

(d) In respect of cases relating to the exports of any commodity where the amount of pre-shipment credit is in excess of the export value, the excess amount should be adjusted either in cash or by sale of non-exportable by-product (applicable in case of agro products only), as soon as the extraction/segregation of by-product is completed, within a period of 30 days from the date of advances.

(e) Pre-shipment Credit „Running Account facility would be available to the exporters only if they are complying with the prescribed terms & conditions. In cases where exporters have not complied with the terms & conditions, the advance will attract commercial lending rate *ab initio*.

Facility No. 2.

Nature : Cash Credit (Hyp-Stocks)

Amount : Rs. 4.00 crore (Rs. Four crore only) – Renewal

Margin : 25%

Interest : MCLR (1) Year – 8.45% + 3.50 = 11.95 % p.a.

Next MCLR reset date 17.06.20

Security : First charge by way of hypothecation on entire current assets of the firm viz. stocks of Raw Material, stock in progress, Finished Goods, goods in transit, Spares & Stores, entire debtors and other current assets, both present & future.

Stock : Raw material (Consumables, stores) (stores, spares & packing material) : At cost, market rate, contract rate or realizable value, whichever is lower. Cost of raw material be worked out by following FIFO, LIFO or Weighted Average method of valuation consistently followed by the company.

Valuation : Stock in process: Raw material value plus direct overheads at each stage/Deptt. of production as per actual cost sheet maintained by the borrower. If no cost sheets maintained, stock in process to be valued at raw material cost.

Finished goods: Actual cost of production or market rate or contracted control rate or contracted sale price or realizable value less all discounts/rebates etc. whichever is lower. However, old/obsolete/sub-standard goods should be valued at actual/properly assessed realizable value and no DP to be allowed against such stocks if not permitted specifically for DP purpose as per sanction

Terms & Conditions:

(Handwritten signature)



M/s. Euro Safety Footwear (India) Pvt. Ltd, BO: IBB, Agra

1. **Submission of Stock Statements :** Borrower shall submit stock reports giving a complete list of all stocks, as on the last day of each month, within 10 days of the following month, unless other-wise specified in the sanction, giving all details viz. Location where stocks are kept; Details of old, obsolete, un-saleable, sub-standard, second quality and unpaid stocks (including stocks received under LC) separately which shall remain hypothecated to the bank even if no Drawing Power is allowed there-against.
Stock statements should be submitted in 3 parts based on ABC analysis viz. stocks of higher value with lesser number of items be classified as Category „A?, stocks of lower value with higher number of items be classified as Category „C" and the remaining stocks be classified as Category „B?.
2. **Stock verification:** The stocks shall be checked/verified by the Bank?s officials at least once in a month at irregular intervals from the books of the borrower & also physically, which include verification of valuation of stocks/unpaid for stocks and book debts.
(checking official shall submit his report as per proforma /procedure meant for that).
3. **Drawing Power:** DP will be revised every month by the Bank on receipt of stock statement. The discipline envisaged in a consortium/ CDR set up demands that DP will be allocated by Lead Bank every month to all the member banks. Nevertheless, provisional DP to be worked out by the branch every month on the basis of stock statement which should be revised/finalized after verification of stocks.
The methodology for calculation of DP (circulated vide L&A Cir. 10/2015) in case of consortium accounts including CDR/ bilaterally restructured accounts and facilities under Multiple banking arrangement is applicable in case of standalone credit facilities also.
No Drawing Power shall be allowed against
(a) Old, deteriorated and unsaleable stocks.
(b) Spares of more than 1 year old.
(c) Stocks which are unpaid for (including those received under DA- LCs) after netting with Book Debt as per Bank?s guidelines.
(d) Stocks which are more than 6 months old.
4. **Insurance:** Borrower shall get the hypothecated stocks/security insured for full value covering the risks of fire, thefts, burglary, SRCC (Strikes, Riots, Civil Commotion) earthquake, terrorist risks, floods, riots etc. in the joint names Bank (or consortium banks in consortium advances) & the borrower with 'Agreed bank clause' at borrower's cost.
Stocks lying with Processors/Fabricators to be covered in the insurance policy.
Stock in transit will be insured against all transit risks.
The policies/cover notes or duly attested copies thereof will be obtained and placed on the records of the Bank.
The report relating to insurance of securities PNB RPT 3/2 can be generated and monitored on day to day basis. It should be ensured that the policies are renewed at an appropriate time.
5. **Maintenance of books:** Borrower shall maintain proper books of accounts relating to stocks and book-debts to the satisfaction of the bank and the representative of the Bank shall have the right to have an access/inspect the books of the borrower.
6. **Hypothecation plate:** The plate shall be displayed prominently where the stocks charged to the bank are kept.

(B)



M/s. Euro Safety Footwear (India) Pvt. Ltd, BO: IBB, Agra

Facility No. 3

Nature : POST SHIPMENT LIMITS in shape of(FOBP/FOUBP/FOBNLC/FOUBNLC)
Amount : Rs. 26.00 crore (Rs. Twenty Six crore only) Renewal
Commission : As per HO/RBI schedule of charges, as applicable from time to time.
Margin : NIL
Interest : As per sanction
Security : Foreign documentary demand bills accompanied by shipping documents drawn on foreign buyers covering consignment of exported goods as per order.

Maximum : Maximum 180 Days

Usance

Period

OTHER TERMS AND CONDITIONS :

- 1 The advance to be covered under WTPSG of ECGC at Bank's cost.
- 2 Exchange control regulations should be observed in toto.
- 3 Instructions contained in HO circular as amended from time to time to be complied with meticulously.
- 4 Proceeds of the export bills would first be utilised towards reduction/adjustment of concerned Packing Credit advance, if any.
- 5 When acknowledgements of bills are not received within the reasonable time, the matter should be pursued with the correspondent.
- 6 Suitable insurance policy shall be obtained by the company in case of FOBP bills, if insurance is not arranged by the foreign buyer.
- 7 The documents shall be sent only to approved banks/our correspondents abroad.
- 8 In case the bills remain unrealised beyond normal transit period plus usance period, overdue interest as per RBI/HO guidelines to be charged.
- 9 CRs on foreign buyers in case of FOUBP will be obtained and kept on Bank's record. (except in case of LC of approved Bank)

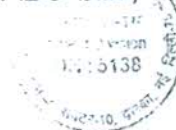
Facility No. 4

Nature : FABC within FOBP (Documentary) (Unsecured)
Amount : Rs. 1.00 cr (Renewal) Rupees One crore only
Commission : As per HO/RBI schedule of charges, as applicable from time to time
Margin : 10%
Interest : As per sanction
Security : Documentary bills consigned in favour of buyer & send directly to buyer, to be advanced on the basis of non-negotiable documents.

OTHER TERMS AND CONDITIONS :

- 1 Party to obtain buyer wise ECGC policy on buyers to cover the advance.
- 2 Exchange control regulations should be observed in toto.
- 3 Instructions contained in HO circular as amended from time to time to be complied with meticulously.
- 4 Proceeds of the export bills received through IMTs would first be utilised towards reduction/adjustment of concerned FABC advance.
- 5 When payment of bills is not received within the reasonable time, the matter should be pursued with the correspondent.
- 6 Suitable insurance policy shall be obtained by the company in case of FABC bills, if





M/s. Euro Safety Footwear (India) Pvt. Ltd, BO: IBB, Agra

insurance is not arranged by the foreign buyer.

7. In case the bills remain unrealised beyond normal transit period plus usance period, overdue interest as per RBI/HO guidelines to be charged.

TOTAL FUND BASED WORKING CAPITAL LIMITS SHALL NOT EXCEED BEYOND Rs.42.00 CRORES.

Facility No. 5

Nature : Forward Contract Limit
Amount : Rs.135.00 cr (Rs. One Hundred, Thirty five crore only)
Interest : NA
Charges : As per Bank's extant guidelines, subject to change from time to time.

Term & conditions:

- 1 Forward contracts are to be booked for underlying transactions to hedge foreign exchange exposure.
- 2 Forward contracts are booked as per bank/RBI/FEMA/FEMA/FEDAI extant guidelines applicable from time to time
- 3 All other terms & conditions of the sanction for fund/no fund based facility are to be complied with.

Facility No. 6

Nature : ILC/FLC/ /FLG/(DP/DA- 120 days)
Amount : Rs.2.00 crores (Rs. Two crore only) -
Purpose : Purchase/Import of raw materials required for manufacturing of leather shoes and shoe-uppers etc.
Commission : As per RBI/Bank guidelines as applicable from time to time.
Margin : 25%
Security : Hypothecation of stocks received under LC.

-For ILC:

Demand/DA bills of tenure not to exceed 120 days, covering consignment of raw material accompanied by RR/MTR of approved transport companies.

-For FLC/FLG:

DP/DA Bills of usance not exceeding 120 days accompanied by bill of lading/ Airway bill and other shipping documents covering consignment of raw material, stores, spares etc

Maximum usance : 120 days.

Retirement of Documents : The party shall undertake to retire the documents from their own sources or within sanctioned limits. In case CC accounts do not permit further debits, the party to undertake not to ask for additional facility for retirement of documents received under LCs.

Insurance : The goods or assets covered in the bills drawn under letter of credit shall be got insured against all risk.

Devolvement : Amount in default of devolved LC will be directly debited to the main operating account of the customer (CC/OD/CA) in the transaction system (CBS) itself and remittance made. The Controlling Office will be apprised of it and follow up steps/remedial action for regularization of such accounts will be taken.



M/s. Euro Safety Footwear (India) Pvt. Ltd, BO: IBB, Agra

OTHER TERMS AND CONDITIONS :

- 1 The bank shall not grant any additional accommodation for meeting the company's liabilities under LCs opened on their behalf and the company shall arrange to meet the liabilities out of their own funds.
- 2 The company will submit Exchange Control Copy of bill of entry in respect of goods to be imported.
- 3 Party to submit bill of entry within reasonable time after clearance from customs but not later than 3 months from date of import into country.
- 4 No DP to be allowed on goods received under LC till the relative documents are retired.
- 5 The goods received under above LCs shall continue to remain hypothecated to the bank and no DP is to be allowed there against till the retirement of bills by the party.
- 6 An undertaking from the company shall be obtained to the effect that relative goods under LCs have been received by them before making payments to the beneficiary.
7. An undertaking from the company shall be obtained to the effect that goods received under LCs shall be shown separately in the stock statement till the retirement of bills under such LCs by them.
8. FLC should be opened only against valid import licence held and endorsed at the time of opening LC or under OGL imports.
9. The company be advised due date of bills under LC for timely payment. Debiting of the documents under LC on due dates should not cause an irregularity in the cash credit account. In case, the same results in certain and/or increase in the existing irregularity, no further LCs be opened till the accounts are regularised.
10. Branch shall issue/receive ILCs electronically using SFMS platform. Bank has modified the ODCM menu in CBS for issuing the LCs and developed the IDCM menu to Negotiate/Advice Letter of Credit (LCs) accordingly. All messages pertaining to ILCs including amendments, reimbursement authorizations etc. should also be sent by the branch through SFMS network only. Branch Heads should convey to the applicants that the LC will be transmitted electronically only if the receiving Bank is enabled for SFMS.
The borrower shall undertake to comply with all the exchange/import trade control regulations of RBI/Customs in respect of imports under the aforesaid limit.
11. The Bank shall be entitled, at any time during the currency of LC, to demand and recover any margin upto the full extent of 100% against the LC and on default of payment by the borrower of the margin so demanded, the Bank reserves the right to recover such margin by debit to any of the borrower's accounts and such debits shall be recoverable from the borrower as their dues.
- 12 The borrower shall furnish an undertaking to the extent that in respect of the transactions relating to the import LCs, they will also arrange for necessary forward cover to bear exchange fluctuations risk, if any.
- 13 LC for import/purchase of capital goods will not be allowed under the limit sanctioned for procurement of raw material
14. Charge on all current assets/capital goods, present & future, to be got extended to secure the letter of credit limits and charge be got registered with ROC in case of Corporate Borrower.

Facility No. 8

Nature : ILG limit
Amount : Rs.1.00 crores (Rs. One crore only)
Purpose : For issuance of bank guarantee in favour of custom/excise /other govt/semi government departments.

KZ



M/s. Euro Safety Footwear (India) Pvt. Ltd, BO: IBB, Agra

Commission : As per RBI/Bank guidelines as applicable from time to time.
Margin : 25%
Security : General counter indemnity bond
: **FACILITIES FROM S.N. 8 & 9 SHALL NOT EXCEED BEYOND Rs. 2.00cr**

Facility No. 9

- | | | |
|---|------------------------------|---|
| 1 | Nature
facility & Purpose | of Term Loan (Fresh)
For purchase of plant & machinery / Installation / Furniture and fixtures & building construction for setting up a expansion unit at B49, B49/1 to B49/3, EPIP, Agra |
| 2 | Amount | Rs. 13.50 crore (Rs. Thirteen Crore fifty lacs only) |
| 3 | Margin | 34.75% (Rs 7.19 Cr.) |
| 4 | Rate of Interest | 1yr MCLR (8.05) + 3.50%=11.55% p.a. at present MCLR 1 year is 8.05%.
Interest is subject to change from time to time as per bank's guidelines/risk rating of the account. |
| 5 | Service Charges | Upfront fee @ 1.25% of the loan amount, subject to change from time to time as per bank's guidelines Other charges applicable, subject to change from time to time as per bank's guidelines |
| 6 | Security | 1st Charge on block assets of the company by way of Hypothecation of Machinery and equipment & other fixed assets and EM of land and building. |
| 7 | Repayment Schedule | 25 equal instalments of Rs.52.00 lakh, 1 instalment of Rs.50 lakh commencing from Dec 2020 to March 2027. |
| 8 | Repayment Default | Penal intt.2% above the normal rate to be recovered for the period of default or as per extant HO guidelines. |
- 9., **Insurance** : The borrower shall get the above assets insured against all risks at their own cost with usual bank clause. A copy of the insurance policy will be kept on bank's records also.
10. **Disbursement** :
- a) The payment shall be made directly to the suppliers as far as possible. Original bills/cash memos in the joint names of bank and the company for all the fixed assets/machinery financed by bank shall be submitted by the borrower and to be placed on bank's record. TL will be released in stages as per physical progress of the project.
- b) Borrowers/Lenders' Engineers shall submit Quarterly Implementation schedule which should match with the appraisal note and Quarterly Progress Report be submitted to keep apprise the Bank with the progress of the project and to satisfy the bank's officials about end use of funds and timely implementation of the project within the approval.

The progress in implementation of the project will be monitored/ reviewed by the Bank on quarterly basis and necessary corrective steps will be got initiated, if required, from time to time specially in case of time and cost run-overs. The borrower shall facilitate the bank for compliance of the above.

(Handwritten signature)



M/s. Euro Safety Footwear (India) Pvt. Ltd, BO: IBB, Agra

c) Reimbursement against the expenditure already incurred to be allowed subject to specific sanction of the competent authority, verification of end use and submission of all original bills by the borrower.

11. **Repayment default** : Penal interest @ 2% over and above the normal rate to be recovered for the amount/period of default.
12. Bank's name plate, evidencing hypothecation of security/asset to be prominently, displayed where the securities charged to the bank are kept.
13. **Escalations** : The borrower shall meet such costs, if any, from its own sources and shall not ask for any additional term loan from the bank.
14. Our Term Loan shall be released only after the funds for the project are fully tied up.
15. The promoters should bring in their entire contribution before release of our Term Loan or in the manner otherwise provided in the sanction.
16. The unsecured loans shall be subordinated to our Term Loan.
17. Before disbursement of Term Loan, it should be ensured that all necessary statutory and other approvals/permissions including from Pollution Control Board, have been obtained by the company.
18. Borrower to undertake to meet any cost over run in the project (irrespective of reasons) from its own long term sources.

GENERAL TERMS AND CONDITIONS:

1. The credit facilities shall be secured as under:

Primary Security:

i) **For working capital limits**

- a) Hypothecation on entire current assets of the company viz. stocks of Raw Material, Spares & Stores, consumable, stock in progress, Finished Goods, goods in transit/Shipping Documents etc covering export of Leather Footwear, Upper etc. entire debtors and other current assets, both present & future.
- b) Deposits of confirmed orders and/or original irrevocable LCs of approved foreign banks in all PC accounts

For ILC: Hypothecation of stocks received under LC

For FLC/FLG: DP/DA Bills of usance not exceeding 120 days accompanied by bill of lading/ Airway bill and other shipping documents covering consignment of raw material, stores,

DP/DA Bills of usance not exceeding 120 days accompanied by bill of lading/ Airway bill and other shipping documents covering consignment of raw material, stores, spares etc.



M/s. Euro Safety Footwear (India) Pvt. Ltd, BO: IBB, Agra

xiv) For Term Loan

Term Loans (Existing): Mortgage of land & building /hypothecation of plant & machinery, furniture & fixtures etc. created /purchased out of bank finance.

Security Description	Area in sq meter	Ownership	Value Last sanction	Present Book Value	Realizable Value in Cr.	Basis for Valuation	Date	Whether Existing/fresh
1. EM of IP Office space unit No. FF-551, FF-552, FF-553 situated at IT park, JMD megapolise, Sohna Road, Sec 48, Gurgaon, Haryana	FF551-1421 sq ft FF552-947 sq ft FF553-947 sq ft	M/s Euro safety footwear (India) pvt Ltd	MV 2.43 RV 2.06 2.05		MV 3.14 RV 2.67 2.65	Er V.K.Jain BM Valuation	10.02.18 24.10.19	Existing Proposed to be released.
2. Plot no B-54 and B-54/1 Industrial Area EPIP, Agra	1528.82 sq mtr.	M/s. Euro Safety Footwear (India) Pvt Ltd-Lease Deed by UPSIDC	2.00	NA	6.38 MV 5.69 RV 5.65	Ajit fauzdar dated 29.11.18 BM Valuation	29.11.18 14.10.19	Existing
Total			MV 4.43 RV 4.06 BM 4.05		MV 6.38 RV 5.69 BM 5.65			

- IP no. 1 which is mortgaged to secure a TL, that has been adjusted and is proposed to be released. This IP would be mortgaged in account M/s Euro Safety Equipment Private Limited along with FDR to secure limit in M/s Euro Safety Equipment Private Limited.
- 2nd valuation of IP at serial no. 2 be got done as per bank guidelines and held on record.

Term Loans (Fresh Term Loan)

- 1st Charge on block assets of the company by way of Hypothecation of Machinery and equipment & other fixed assets and EM of land and building except IP at FF -551, FF-552, FF-553 situated at IT park, JMD megapolise, Sohna Road, Sec 48, Gurgaon, Haryana.

(Rs. in cr.)

Security Description	Area in Sq M or Sq Ft	Ownership*	Value as per Last Sanction	Present book value	Realizable Value	Basis for valuation	Date	Whether existing/fresh	Amount of Insurance and Validity upto
*Plot No.B49,	3912 SQ	M/s Euro	RV-7.27	4.74	4.27	Valuation report	16/01/	Existing g#	NA

KL



M/s. Euro Safety Footwear (India) Pvt. Ltd, BO: IBB, Agra

B49/1 to B49/3 Industrial Area EPIP Shastripuram Agra	Mtr	Safety Footwear India Private Ltd.	BM-4.25		4.25	of R M Gupta, approved valuer at ours BM	19	30.01.19	
		Total	4.25	4.74	4.25				

*The Land is owned by M/s Euro Safety Footwear (India) Private Limited, on which project is to come up is already mortgaged as collateral in the group a/c Euro Safety Equipment Private Limited. ZO Agra has submitted a proposal to release this IP as collateral security in the account of Euro Safety Equipment Pvt Ltd and in its place substitute IP + FDR for equal amount. That proposal will also be placed before HOCAC I. this IP is now available as primary security for M/s Euro Safety Footwear India Pvt Ltd

C. Collateral

viii) Hypothecation/ Mortgage of Block Assets Immovable Properties

(Rs. in Crore)

Security Description	Area in sq meter	Ownership	Value Last sanction	Present Book Value	Realizable Value	Basis for Valuation	Date	Whether Existing/fresh
1. Factory Land & Building situated at plot no B-49/4, B-49/5, B-54/2, B-54/3 and B-49/6 At EPIP Shastripuram Agra	4892 sq mtr (3777+115)	M/S Euro safety footwear (India) Pvt. Ltd	MV 14.08 RV 12.67 MV 13.52 RV 12.00 BM 12.00		MV 14.08 RV 12.67 MV 13.52 RV 12.00 12.00	Er Ajit Fauzdar Er Pradeep Poddar BM	05.02.17 04.02.17 14.10.19	Existing
2. Land Situated at Khasra no. 156, Artoni Agra	0.105 hectare	Sh. Kulbir Singh	MV 7.20 RV 6.12 MV 6.75 RV 6.07 BM 6.00		MV 7.20 RV 6.12 MV 6.75 RV 6.07 6.00 (3.50)*	Er. Ajit Fauzdar Er. Pradeep Potdar BM	05.02.17 04.02.17 14.10.19	Existing

K



M/s. Euro Safety Footwear (India) Pvt. Ltd, BO: IBB, Agra

Security Description	Area in sq meter	Ownership	Value Last sanction	Present Book Value	Realizable Value	Basis for Valuation	Date	Whether Existing/fresh
			(3.33)*					
*3. Plot no B-54/5 Industrial Area EPIP, Agra	655.66 Sq meter	M/S Euro safety footwear (India) Pvt.Ltd	-----		MV 3.29 RV 2.96 BM-2.75	Er Ajit Fauzdar	13.06.18 14.10.19	Existing
Total			MV 20.27 RV 18.07 BM 18.00		MV 23.56 RV 21.03 BM 20.75			
5 FDR	M/s. Euro Safety footwear (India) Pvt. Ltd.		3.65	0.00	3.65			Existing
Total			21.00		23.75			
Considering residual value of IP at Sl. No.2			18.98		21.90			

Note:

*Previously, the IP was mortgaged as primary security to secure Term loan sanctioned. The said TL Limit Rs. 1.80 cr has been since adjusted. The IP has been proposed as collateral security by the party.

- IP at Sr No. 2 is charged as collateral security in M/s. Euro Safety Footwear India P Ltd and also in other group companies i.e. M/s. Roger Industries P. Ltd.

* In case of ownership of company, details of creation of charge with ROC as under should be mentioned

Charges Registered

SRN	Charge Id	Charge Holder Name	Date of Creation	Date of Modification	Date of Satisfaction	Amount	Address
H38389417	100110698	PNB	22/06/17	28/11/18	-	47.72	International banking branch-36 sanjay place Agra 282005

ix) First/Second/Third charge/ Paripassu charge (tick mark the appropriate charge)

(Rs. in Crore)

Type of Charge	Nature of limits	Security	Value of block assets as on 31/03/2019: (as per B/Sheet)	Value of block assets excluding specific	Extent of first / Second charge	Balance / residual value of charge available to
----------------	------------------	----------	--	--	---------------------------------	---

M/s. Euro Safety Footwear (India) Pvt. Ltd, BO: IBB, Agra

				charge if any	holders	bank/ consortium
Second Part-passu Charge	Term Loan	Current Assets	57.72	11.02	46.70	11.02
Second Charge	Working Capital	Block Assets	41.50	4.95	-	36.55

PNB Share in Collateral: Rs. 21.90 cr

Collateral Coverage: 34.06%

Company	Existing Exposure	IP Value	Proposed Exposure	IP Value
M/s Euro Safety Footwear India Pvt. Ltd	59.57	3.33	64.29	3.50
M/s Roger Industries Limited	47.72	2.67	47.25	2.50
	107.29	6.00	113.12	6.00

x) Personal /Corporate Guarantee

Name of Guarantor	Relationship with borrower	Net Worth		Immovable Property		Date of Confidential Repo	
		Prev. As at 31/03/2018	Present As at 31/03/2019	Prev. As at 31/03/2018	Present As at 31/03/2019	Prev.	Present
Kulbir Singh	Director	44.08	44.68	12.03	12.03	06/05/17	30/01/19
Dalbir Kaur	Director	11.14	15.41	4.80	4.80	06/05/17	30/01/19
Deepak Budhiraja	Director	2.03	2.1	1.25	1.25	06/05/17	14/10/19
Stella Budhiraja	Director	1.33	1.35	1.60	1.60	06/05/17	14/10/19
Varun Budhiraja	Director	0.32	0.33	0.00	0.00	07/06/2018	30/01/19

- The corporate guarantee of M/s Roger Industries Limited to secure credit facilities of M/s Euro Safety Footwear India Pvt. Ltd. and second charge by way of equitable mortgage over IP at plot no B-49/4, B-49/5, B-54/2, B-54/3 and B-49/6 At EPIP Shastripuram Agra and on other block assets owned by M/S Euro safety footwear (India) Pvt. Ltd in favour of M/s Roger Industries Ltd. up to the exposure as per HOCAC I sanction dated 26.08.2014.

- The company to furnish to the Branch the required financial information, on the prescribed proforma, within 10 days /or within the specified period, to enable the Branch to submit PMS to the Bank's higher office.. QMS Forms I and II, QIS I to be submitted within prescribed period. On late submission, penal interest is to be charged as per bank's interest.
- The borrower should maintain adequate books of accounts. As per applicable accounting practices and standards, which should correctly, reflects its financial position and scale of operations and should not radically change its accounting system without notice to the Bank.
- The borrower should submit to the bank such financial statements as may be required by the



M/s. Euro Safety Footwear (India) Pvt. Ltd, BO: IBB, Agra

Bank from time to time in addition to the set of such statements to be furnished by the borrower to the bank as on the date of publication of the borrower accounts.

- 5 In case of default in repayment of the loan/advances or in the payment of the interest thereon or any agrees instalments of the loan on the due date(s) by the borrower, the Bank and /or the RBI will have an unqualified right to disclose or publish the borrower's name or the name of the borrower/unit and its directors/partners/proprietors as defaulters/willful defaulters in such manner and through such medium as the Bank or RBI in their absolute discretion may think fit.
- 6 The bank will have the right to share credit information as deemed appropriate with Credit Information Companies (CICs) or any other institution as approved by RBI from time to time.
- 7 The borrower should not induct into its Board as person whose name appears in the willful defaulters list of RBI/CICs. In case such a person is already on the Board of the company, it would take expeditious and effective steps of removal of that person from its Board. Nominee directors are excluded for this purpose.
- 8 After provision of tax and other statutory liabilities, unless expressly permitted otherwise, the bank will have a first right on the profits of the borrower for repayment of amounts due to the bank.
- 9 The borrower will utilise the funds for the purpose they have been lent. Any deviation will be dealt with as per RBI guidelines.
- 10 Each of the following events will attract penal interest/charges as applicable, at rates circulated from time to time, over and above the normal interest applicable in the account:
 - a. For the period of overdue interest/instalment in respect of Term Loans and over-drawings above the drawing power/limit in Fund Based Working Capital Accounts on account of interest/devolvement of letters of credit/bank guarantee, insufficient stocks and receivables etc.
 - b. Delay in submission of stock statements after 10th of the following month.
 - c. Non submission of Audited Balance Sheet within 8 months of closure of financial year.
 - d. Non submission/ delayed submission of Follow-up/ Review Data such as QRS/ QMS information, Project Progress Report etc. wherever stipulated, within due date.
 - e. Non submission of review/renewal data at least one month prior to due date.
 - f. Non-obtention of External credit risk rating from agency approved by RBI.
- 11 The bank and its authorised officials or other representatives will have the right to carry out periodical inspection, examination of books of account kept at factories/offices and expenses incurred by the bank in this regard shall be borne by the company.
- 12 No inter-firm investments are to be undertaken without prior written permission from the bank.
- 13 The company shall not, without bank's prior permission, during the currency of bank's loan:
 - a. effect any change in capital structure,
 - b. create any further charges, lien or encumbrance over its block assets in favour of other bank/FIs,
 - c. enter into any contractual liability of long term nature,
 - d. undertake any activity other than those indicated in Memorandum of Association of the company,
 - e. divert/utilise bank's funds for purposes other than those specified in the project/proposal.
 - f. enter into any borrowing arrangement either secured or unsecured, with any other bank/FI.
 - g. undertake any guarantee obligation on behalf of any of the firms/companies or

(K2)

5133

M/s. Euro Safety Footwear (India) Pvt. Ltd, BO: IBB, Agra

individuals, which is not directly connected or related to the business of the company.

- 14 The company shall keep the bank informed of the happening of any event likely to have material impact on their operation/production/sales/disbursements etc. such as defaults/overdoes, labour problems, lockouts, lay-offs, power-cuts along with remedial measures proposed to be taken by the company.
- 15 The validity of the sanction shall be 12 months and the company shall arrange submission of complete papers for renewal of limits within 10 months from the date of sanction.
- 16 Interest will be charged on monthly interval.
- 17 Party to hold all registrations / licenses / permits necessary to query on the businesses. Valid upto date.
- 18 Bank's name plate to be displayed at conspicuous place of business.
- 19 Company be permitted to adhere bank's /RBI guidelines for booking of forward contracts.
- 20 All the provisions of latest Import - Export Policy must be strictly adhered to.
- 21 Stock audit will be conducted by bank's approved Chartered Accountants on annual basis.
- 22 Accounts will be reviewed quarterly through submission of PMS. Party to submit quarterly financial data / yearly financial statements in time.
- 23 Proper insurance against fire to be done with respect to immovable properties under E.M. with agreed bank clause.
- 24 The documents to be got vetted from bank's approved advocate for their validity & enforceability in terms of L&A cir.no. 179/2007.
- 25 Branch to submit legal compliance certificate with regard to Mitra Committee Recommendations from the concerned branch as per bank's extant guidelines.
- 26 Supplementary agreement in respect of consent clause to be obtained in terms of L&A cir.no.100/2002 and other circular issued by the bank from time to time by all the obligates regarding furnishing of data to CIBIL or any other agency approved by RBI.
- 27 Company to induct unsecured loan as projected and unsecured loan raised will not be withdrawn till currency of loan.
- 28 Common seal of the company should be fixed on the document duly executed in terms of provision of Memorandum and Article of association of the company.
- 29 The borrowing company to furnish complete details of all the IPs owned by it with their value as per the last audited balance sheet duly certified by its statutory auditor to ensure that all the intended properties of the company mortgaged to the bank.
- 30 Photo of mortgage properties be kept in record as per bank's extant guidelines.
- 31 Processing fees and other charges are to be recovered as per bank's prevailing guidelines.
- 32 Party to submit an undertaking that they have never earlier entered into a negotiated settlement with the bank in respect of any other company / unit established by them, in terms of L&A cir. no. 138/2000.
- 33 Acceptance of terms & conditions of the sanction be obtained from the party which will form the part of documents. The credit facilities shall be allowed only after execution of all the necessary documents before hand and the same be got vetted from bank's approved advocate for their validity & enforceability in terms of L&A cir.no. 85/2002.
- 34 Charge with ROC be registered / amended within time frame as per bank's guidelines and search report from ROC be obtained to ensure that no extraneous charge is appearing on the assets of the company as per LA cir. No. 151/07.
- 35 In case of takeover of credit facility penalty will be imposed on term loan outstanding as per bank guide lines.
- 36 PCFC/ EBR be allowed strictly as per FEX cir. No. 50 dated 12.08.05, 22 dated 18.04.06 and 68 dated 05.12.06 and other circulars issued from time to time in this regard. Withholding tax

K

Credit Division
11/11/08

M/s. Euro Safety Footwear (India) Pvt. Ltd, BO: IBB, Agra

be charged as per bank's guidelines.

- 37 All other conditions / stipulations as applicable to such type of advance as circularised by bank from time to time be strictly adhered to.
- 38 The undernoted covenants will be subject to prior notice being given by the borrower and being agreed by the Bank. If the Bank turns down the borrower's request but the latter still goes ahead, the Bank shall have the right to call up the facilities sanctioned.

a) Formulate any scheme of amalgamation or reconstruction.

b) Undertake any new project, implement any scheme of expansion/diversification or capital expenditure or acquire fixed assets (except normal replacements indicated in funds flow statement submitted to and approved by the bank) if such investment results into breach of financial covenants or diversion of working capital funds to financing of long-term assets.

c) Invest by way of share capital in or lend or advance funds to or place deposits with any other concern (including group companies); normal trade credit or security deposits in the ordinary course of business or advances to employee can, however, be extended. Such investment should not result in breach of financial covenants relating to TOL/Adj.TNW and current ratio agreed upon at the time of sanction.

d) Enter into borrowing arrangement either secured or unsecured with any other bank, financial institution, company or otherwise (other than consortium member banks) or accept deposits which increases indebtedness beyond permitted limits, stipulated if any at the time of sanction.

e) Undertake any guarantee or letter of comfort in the nature of guarantee on behalf of any other company (including group companies).

f) Declare dividends for any year except out of profits relating to that year after making all due and necessary provisions and provided further that such distribution may be permitted only if no event of default/breach in financial covenant is subsisting in any repayment obligations to the Bank.

g) Create any charge, lien or encumbrance over its undertaking or any part thereof in favour of any financial institution, bank, (other than consortium member banks) company, firm or persons.

h) Sell, assign, mortgage or otherwise dispose of any of the fixed assets charged to the Bank.

i) Enter into any contractual obligation of a long term nature or which, in the reasonable assessment of the Bank, is detrimental to lender's interest, viz. acquisitions beyond the capability of borrower as determined by the present scale of operations or tangible net worth of the borrower/ net means of promoters etc., leveraged buyout etc.

j) Change the practice with regard to remuneration of Directors by means of ordinary, remuneration or commission, scale of sitting fees etc, except where mandated by any legal or regulatory provisions.

k) Undertake any trading activity other than sale of products arising out of its own manufacturing operations.

l) Permit any transfer of the controlling interest or make any drastic change in the management set-up including resignation of promoter directors.

KZ



M/s. Euro Safety Footwear (India) Pvt. Ltd, BO: IBB, Agra

- m) Repay monies brought in by the Promoters / Directors / Principal Shareholder and their friends and relatives by way of deposits / loans / advances. Further, the rate of interest, if any, payable on such deposits / loans / advance should be lower than the rate of interest charged by the Bank on its term loan and payment of such interest will be subject of regular repayment of instalments to term loans granted / deferred payment guarantees executed by the bank or other repayment obligations, if any, due from the borrower to the Bank.
- n) The borrower shall keep the Bank advised of any circumstance adversely affecting the financial position of subsidiaries / group companies or companies in which it has invested, including any action taken by any creditor against the said companies legally or otherwise.
- o) The borrower shall deal with our bank exclusively, shall not open current account/s with any other bank without our prior permission. The borrower's entire business relating to their activity including deposit, remittances, bills / cheque purchase, non-fund based transactions including LCs and BGs, Forex transactions, merchant banking, any interest rate or currency hedging business etc. should be restricted only to the financing bank under consortium banking arrangement.
- p) No commission to be paid by the borrowers to the guarantors for guaranteeing the credit facilities sanctioned by the Bank to the borrowers.
- q) Approach capital market for mobilizing additional resources either in the form of debt or equity.
- 39 All other conditions / stipulations as applicable to such type of advance as circularised by bank from time to time be strictly adhered to.

SD/
SR MANAGER

SD/
ASSTT. GENERAL MANAGER

APPENDIX II

(a) Details of Associate/ Allied/ Group concerns and the facilities sanctioned to them

Name of the Co.	Activity	Financials (Last 3 years)	Dealing Bank	Facilities Nature & Amount
-----------------	----------	---------------------------	--------------	----------------------------

(Handwritten signature)



M/s. Euro Safety Footwear (India) Pvt. Ltd, BO: IBB, Agra

M/S Bhola Footwear Export Private Limited	Trading	Period	2016-17	2017-18	Allahabad bank	Current acct. only
		Share capital	1.05	1.05		
		Add Reserves & Surplus	0.02	0.02		
		Less Accumulated losses & intangible assets	0.0	0.0		
		Less Misc. expenditure not written off	0.0	0.0		
		Add Deferred Tax Liability	0.0	0.0		
		Less Deferred Tax Asset	0.0	0.0		
		TNW	1.07	1.07		
		PBT	-0.06	-0.06		
		Sales	0.0	4.16		
M/S Dselva Infotech (Pvt) Ltd	Const.	Period	2017-18	2018-19	PNB	Current acct. only
		Share capital	0.9	0.9		
		Add Reserves & Surplus	0.0	0.0		
		Less Accumulated losses & intangible assets	1.72	1.91		
		Less Misc. expenditure not written off	0.0	0.0		
		Add Deferred Tax Liability	0.0	0.0		
		Less Deferred Tax Asset	0.0	0.0		
		TNW	-0.82	-1.01		
		PBT	-0.2	-0.01		
		Sales	1.04	1.4		
Roger construction (P) Ltd.	Const.	Period	2016-17	2017-18	PNB	Current acct. only
		Share capital	0.24	0.24		
		Add Reserves & Surplus	0.0	0.0		
		Less	0.37	0.37		

KE



M/s. Euro Safety Footwear (India) Pvt. Ltd, BO: IBB, Agra

		Accumulated losses & intangible assets					
		Less Misc. expenditure not written off	0.0	0.0	0.0		
		Add Deferred Tax Liability	0.0	0.0	0.0		
		Less Deferred Tax Asset	0.0	0.0	0.0		
		TNW	-0.13	-0.13	-0.13		
		PBT	0.0	0.0	-0.01		
		Sales	0.0	0.0	0.0		
Roger Industrial Oils P.Ltd	ManF. Of Leather	Period	2018-19	2017-18	2016-17	PNB	Term loan of RS 3.50 Cr. availed By the company
		Share capital	2.0	2.0	2.0		
		Add Reserves & Surplus	0.0	0.0	0.0		
		Less Accumulated losses & intangible assets	2.88	2.57	0.1		
		Less Misc. expenditure not written off	0.0	0.0	0.0		
		Add Deferred Tax Liability	0.0	0.0	0.0		
		Less Deferred Tax Asset	0.0	0.0	0.0		
		TNW	-0.88	-0.57	1.9		
		PBT	-3.02	-2.48	0.0		
		Sales	0.0	0.0	0.0		
Roger Industries Ltd.	Mfg. & export of leather safety shoes	Period	2017-18	2018-19		PNB	FB+NFB+TL+FC i.e. 46.72 cr
		Share capital	7.5	7.5			
		Add Reserves & Surplus	0.49	45.09			
		Less Accumulated losses & intangible assets	0.0	0.0			
		Less Misc. expenditure not	0.01	0.0			

52



M/s. Euro Safety Footwear (India) Pvt. Ltd, BO: IBB, Agra

		written off				
		Add Deferred Tax Liability	0.53	0.56		
		Less Deferred Tax Asset	0.0	0.0		
		TNW	8.51	53.15		
		PBT	7.49	7.66		
		Sales	127.92	130.61		
Roger Industries Ltd.	Mfg. & export of leather safety shoes	Period	2016-17		PNB	FB+NFB+TL+FC i.e. 47.72 CR.
		Share capital	7.5			
		Add Reserves & Surplus	34.51			
		Less Accumulated losses & intangible assets	0.0			
		Less Misc. expenditure not written off	0.0			
		Add Deferred Tax Liability	0.53			
		Less Deferred Tax Asset	0.0			
		TNW	42.54			
		PBT	6.99			
		Sales	113.84			
Roger International (P) Ltd.	Trading	Period	2018-19		PNB	FB+NFB i.e. 1.00Cr
		Share capital	0.01			
		Add Reserves & Surplus	1.03			
		Less Accumulated losses & intangible assets	0.0			
		Less Misc. expenditure not written off	0.0			
		Add Deferred Tax Liability	0.03			
		Less Deferred Tax Asset	0.0			
		TNW	1.07			
		PBT	0.02			
		Sales	0.84			
Roger International (P) Ltd.	Trading	Period	2016-17		PNB	FB+NFB i.e. 1.45 cr
		Share capital	0.01			
		Add Reserves & Surplus	0.96			
		Less Accumulated losses & intangible assets	0.0			
		Less Misc. expenditure not written off	0.0			
		Add Deferred Tax Liability	0.03			
		Less Deferred Tax Asset	0.0			
		TNW	1.0			
		PBT	0.1			
		Sales	3.12			

52



M/s. Euro Safety Footwear (India) Pvt. Ltd, BO: IBB, Agra

Roger International (P) Ltd.	Trading	Period	2017-18	PNB	NFB i.e. 1.00 cr
		Share capital	0.01		
		Add Reserves & Surplus	1.02		
		Less Accumulated losses & intangible assets	0.0		
		Less Misc. expenditure not written off	0.0		
		Add Deferred Tax Liability	0.03		
		Less Deferred Tax Asset	0.0		
		TNW	1.06		
		PBT	0.08		
		Sales	3.01		

(b) Comments on conduct of these accounts with our bank/other banks

All the accounts are running regular and conduct of account is satisfactory.

(c) Comments on adverse Financial Indicators, if any

No adverse features observed.

APPENDIX III

Comments on Critical observations, remaining uncomplied for beyond 6 months (without specific approval of SA).

APPENDIX IV

(A) Detailed Industry Scenario (As per latest updates of the rating agency approved by the bank for advising the industry rating):

Executive Summary

The size of the Indian leather and leather products industry was an estimated at ~Rs 733 billion in 2017-18, with exports accounting for around 49 per cent of revenues. For the purpose of this IRS, only large integrated players with either complete operations until finished goods or also have retail outlets for better reach in domestic market would be included. In 2017-18, the total exports of the leather industry is estimated to have increased 3.2% to US\$5.5 billion due to a uptick in European and USA market which constitute for over 55% of the export market. On the other hand, domestic demand grew at a steady pace of 6-7% in fiscal 2018. Thus, overall revenues of leather industry are estimated to have increased by ~3% in fiscal 2018. Over the next 3 years (2018-19, 2019-20 and 2020-21), the revenues are expected to grow at ~ 5% CAGR as compared to 1-2% CAGR in the last 3 years. Competition from countries like China, Italy, Hong Kong and France will continue. On the domestic front, the industry is highly fragmented, and is characterized by the presence of several small and medium enterprises (SMEs), leading to intense competition.

Background



M/s. Euro Safety Footwear (India) Pvt. Ltd, BO: IBB, Agra

The leather and leather products industry in India has been an export heavy sector with ~50% of revenues for the industry coming through exports. Leather goods and products comprise footwear and footwear components, leather garments and goods, shoe uppers, and finished leather. The primary production centres for leather and leather products in India are Chennai, Ambur, Ranipet, Vaniyambadi, in Tamil Nadu; Kolkata in West Bengal; Kanpur, Unnao and Agra in Uttar Pradesh; Jalandhar in Punjab; Bengaluru in Karnataka; Hyderabad in Andhra Pradesh; Mumbai in Maharashtra; and in and around Delhi. There are ~12000-14000 SME units in India and which account for ~85-90% of industry's revenues. The leather industry ranks eighth in India's export trade. The chief export markets are Germany, France, Hong Kong, Italy, Spain, the UK and the US accounting for over 55% of overall exports from the country.

Demand - Supply

We estimate the Indian leather industry's revenue to have increased by ~8% to about ~Rs 790 billion in fiscal 2019. Exports accounted for around 49 per cent of revenues while domestic sales accounted for the rest. However, exports declined in dollar terms in Fiscal 2019 by around 1%. The decline in exports was due to decrease in demand in the European and Chinese market due to rising demand for synthetic leather. However, due to the depreciation of rupee by 8%, the exports increased by 7% (in rupee terms). Over fiscals 2019-20 and 2020-21, leather exports are expected to rise by about 2-3% per cent (in dollar terms). The growth will primarily be aided by a depreciated rupee and incremental demand expected from USA (as US govt. is expected to impose tariffs on footwear from China). Further, an increase in rebate given to exporters to five per cent, from three per cent, in the case of loans granted in the pre-shipment and post-shipment stages (which account for over 70 per cent of loans) is expected to give a further fillip to leather exports. On the domestic front, revenues increased by a faster 8-9% in fiscal 2019 and were primarily driven by footwear, garments and goods segment (which constituted for ~75-80% of domestic market in fiscal 2019). Our industry interactions suggest that players have had a healthy domestic order book for fiscal 2020 and we believe that these segments will continue to drive growth over the next two fiscals. Further, the import duty hike on leather footwear to 20-25% and leather goods such as suitcases and bags from 10% to 15% is also expected to have a marginally positive impact on domestic sales.

Government policies

The industry enjoys duty drawback schemes for the leather, leather articles and footwear exported from India. In the budget of 2018-19, the benefits of income tax under section 80JJAA was extended to the footwear industry. The minimum period of employment for deduction of emoluments paid to new eligible employees was relaxed to 150 days from 240 days encouraging employment in the industry. In January 2018, the government announced the 'Indian Footwear, Leather and Accessories Development Programme (IFLADP)'. The government also approved an expenditure of Rs 2,600 crore to be expensed over fiscals 2018-2020. The scheme is aimed at developing infrastructure, addressing environmental concerns, facilitating additional investments, employment generation and increase production in the leather sector. Further, the government has doubled the turnover limit for GST exemption from Rs 20 Lakhs to Rs 40 Lakhs. This is further expected to be beneficial for small players in the industry which are especially involved in livestock and skin collection stages of the value chain. West Bengal government has declared a cluster of new projects along with laying the foundation stone of many other projects at Asia's first 'Integrated Leather Complex' at the Calcutta Leather Complex (CLC) in the east neighborhood of Kolkata which will create 500,000 new job opportunities with Rs 80,000 crore investments in the near future. Land has been allocated to new tanneries from Kolkata, Kanpur and Chennai. However, the government has restrictive policies for the sector in particular regions such as Uttar

M/s. Euro Safety Footwear (India) Pvt. Ltd, BO: IBB, Agra

Pradesh and West Bengal. Although the state governments of Uttar Pradesh and West Bengal have set up effluent treatment plants to comply with environmental norms, the use of effluent treatment plants is limited to large players. Many of the small and medium tanneries discharge their wastes directly into the water bodies creating a threat to human health. The government has also announced a proposal to impose a sharp export duty cut on raw leather and hide from 60% to 40% in the 2019 Union Budget along with abolishing 15% export duty on East Indian tanned leather. The share of these items is not huge in the leather export basket at present, but an increase in their export after budget incentives is expected to create a supply crunch.

Input - related risk

India is the largest livestock holding country in the world, with around 21% large animals and 11% small animals (15-18% of the world's cattle population). India produces 3 bn sq. feet of leather on an annual basis. The large livestock population ensures natural advantage in terms of raw material availability. Raw material cost forms a major portion of operating cost for leather manufacturers, accounting for 65-75% of the operating cost for integrated SME players and 75-80% for non-integrated SME players. Major raw materials used in manufacturing leather are animal hides and chemicals. Labour cost is the next large constituent, comprising 8-15% of total cost. After the 'beef ban' was implemented in Maharashtra, Madhya Pradesh, Bihar, West Bengal, Tamil Nadu in May 2017, it impacted raw material availability in key clusters like Chennai, Kanpur and Kolkata. Many of the smaller tanneries in Chennai remained shut due to lack of raw hides and skins. This had led to a sharp rise in raw material prices. However, our industry interactions indicate that barring Kanpur and Chennai (which sometimes face shortages of raw materials), the rest of the major clusters now have access to raw materials as majority of the slaughter houses have been licensed and are running with proper permissions. India's recovery rate from carcasses is among the lowest in the world, owing to poor technological development which has also resulted in longer recovery time.

Extent of Competition

Fragmented nature of the industry (almost 85-90% of the market value is from SMEs) has led to stiff competition in the domestic market. Even though the domestic market faces intense competition in leather products and garments, the export market is relatively less competitive as clusters specialize in exports of a particular kind of product. However, if we further look at the export basket India exports more of low value add products given lack of finishing and designing skills. India accounts for nearly 3-4% of global leather exports as compared to 40-45% of China and 10-12% of Italy. Thus, we believe competitive scenario for the sector remain grim.

(B) Comments on :-

i. Management

Management

Comments on management, production and marketing:



K

M/s. Euro Safety Footwear (India) Pvt. Ltd, BO: IBB, Agra

The company is being managed by the Board of Directors and ensuring smooth running of the existing and expansion program. Managing Director Mr. Kulbir Singh is a graduate engineer and having long experience in the manufacturing of shoes for International Market.

Roger Industries Ltd. is 100% EOU managed by a team of experienced technical & skilled staff.

Mr. Deepak Budhiraja, Director is also having experience in the line of activity and is looking after quality checking for International Market.

Mrs. Dalbir Kaur, Director is overall in charge of finance department of the Company since last three decades.

ii. Quality of Management (Including Corporate Governance)

The directors are well experienced in line of business.

iii. Succession Planning

It is a pvt ltd company and all directors are family members. The next generation will take over the business in due course.

iv. Production

- Manufacturing of leather footwear.

v. Marketing

Safety Footwear Industry: Safety footwear has a good market due to faster growing concern amongst global companies to improve safety measures for their employees and workforce. All the multinational companies are going for environment and labour audits which convince them to take care of their employees and prevent from unexpected incidents at plants. This increases their concern for safety products or employee.

Euro Safety Footwear India Pvt. Ltd is currently managing its marketing under the supervision of Mr. Kulbir Singh. He is a widely traveled person and has been handling biggest names in the industry since decades. Besides that there is a team of marketing professionals with experience in the industry who travels for the company to expand in new countries and increase customer base.

They have increased the presence to a great extent in Germany and Spain along with other European countries due to efficient marketing professionals. The company is having professional tie ups with marketing companies in some countries for sale of products. Some of key management is very good in speaking German and Italian language which helps in marketing ourselves into their domestic market.

vi. General (details such as qualification/experience of directors/ promoters, main products, capacity, major brands, geographical market for products and major buyers expertise like technology, brand, marketing, etc.)

The company is being managed by the Board of Directors and ensuring smooth running of the existing and expansion program. Managing Director Mr. Kulbir Singh is a graduate engineer and having long experience in the manufacturing of shoes for International Market.

KZ



ਪੰਜਾਬ ਨੈਸ਼ਨਲ ਬੈਂਕ
punjab national bank

CREDIT DIVISION
Ho: 4, Dwarka Sector 10,
New Delhi - 110 075

CONFIDENTIAL
STRICTLY FOR INTERNAL USE

M/s. Euro Safety Footwear (India) Pvt. Ltd, BO: IBB, Agra

Mr. Deepak Budhiraja, Director is also having experience in the line of activity and is looking after quality checking for International Market.

Mrs. Dalbir Kaur, Director is overall in charge of finance department of the Company since last three decades.

vi. General (details such as qualification/experience of directors/ promoters, main products, capacity, major brands, geographical market for products and major buyers expertise like technology, brand, marketing, etc.)

(C) Borrowers' diversification, expansion, modernisation programme

The party has submitted that they are in process of expansion of business by way of additional construction of building & installation of plant & machinery in the unit for which they have requested for sanction of fresh TL of Rs.13.50 cr.

SD/
SR MANAGER

SD/
CHIEF MANAGER

APPENDIX V

Brief explanation for each major individual item of cost of Project with present status along with comments on the reasonableness/ competitiveness and Quarterly evaluation of the



M/s. Euro Safety Footwear (India) Pvt. Ltd, BO: IBB, Agra

project.

a) Land – Rs. 4.77 crores:-

The company has already purchased factory land being IP plot no. B49, B49/1 to B49/3 at EPIP industrial Area Agra. Cost of these two IP's is Rs. 4.77 crores including registration expenses & other charges. The total cost has been taken as Rs. 4.77 crores.

b. Building – Rs. 8.79 crores:-

Proposed cost of construction is 8.79 crores as per estimate submitted by Architect firm M/s Infinity. The same has been vetted by approved valuer at ours M/S Nirmaan and the cost of construction has been remained same as Rs.8.79 cr.

c) Plant & Machinery – Rs. 10.11 crores:-

Out of total Plant & Machinery costing Rs. 10.11 crores, machinery costing 2.74 crores approx. is to be imported either directly or through their agents in New Delhi.

List of plant & machinery is appended here below –

MACHINE REQUIRED FOR 2000 PAIRS/DAY											
CUTTING DEPARTMENT											
S.N o.	Name	SUPPLIE R	MAKE	MOD EL	Total Capacity	No s.	AIR (CF M)	POW ER (K.W.)	PRIC E in US\$	Rat e	PRICE in INR
1	CUTTING MACHINE	ARES	ARES	F50	100 PAIRS	4		6	1950 0	72	1,404,000.0 0
2	MATERIAL CUTTING MACHINE	ARES	ARES	F50	500 PAIRS	2		6			
3	HEAVY DUTY BEAM PRESS	NINGBO MAMA PAPA	Atom	SP58 8/3	200 PAIRS	2		6	1940 0	72	1,396,800.0 0
PREPARATION DEPARTMENT											
S.N o.	Name	SUPPLIE R	MAKE	MOD EL	Total Capacity	No s.	AIR (CF M)	POW ER (K.W.)	PRIC E	Rat e	PRICE in INR
4	SKIVINING MACHINE	TOPSON	TOPSON	KA22 6	300 PAIRS	7		5	INR	-	33,800.00
5	CLOTH PASTING	SIECK	WSK	401	700 PAIRS	1		5	5750	80	460,000.00
6	STAMPIN G MACHINE	WESTER N	WESTER N		500 PAIRS	3		3	INR	-	157,500.00
7	SPLITTIN G MACHINE	SIECK	FORTUN A	AN 400	200 PAIRS	1		2	1050 0	80	840,000.00
8	CE LABEL PASTING MACHINE	NINGBO MAMA PAPA	YILI	YL- 8875		1		1	3850	72	277,200.00
9	EMBOSSI	SANGEE	SANGEE	SE00		1	2	1	0		70,800.00

ਪੰਜਾਬ ਨੈਸ਼ਨਲ ਬੈਂਕ
punjab national bank

CREDIT DIVISION
Ho: 4, Dwarka Sector 10,
New Delhi - 110 075

CONFIDENTIAL
STRICTLY FOR INTERNAL USE

M/s. Euro Safety Footwear (India) Pvt. Ltd, BO: IBB, Agra

	NG MACHINE	THA ENT	THA	6							
SOCKS DEPARTMENT											
S.N o.	Machine Name	SUPPLIER	MAKE	MODEL	Total Capacity	Nos.	AIR (CF M)	POWER (K.W.)	PRICE	Rate	PRICE in INR
10	31K.MACHINE	TOPSON ENT.		31K		7		3	INR	-	8,500.00
11	ZIG ZAG MACHINE	HIND ENT.	HIND			2		1	INR	-	10,080.00
FITTER DEPARTMENT											
INHOUSE 50000 PRS/MONTH											
S.N o.	Name	SUPPLIER	MAKE	MODEL	Total Capacity	Nos.	AIR (CF M)	POWER (K.W.)	PRICE	Rate	PRICE in INR
12	POST BED SINGLE NEEDLE	JINYUN SHUAIMA	TOYO	TY-8810		60		30	28380	72	2,043,360.00
13	POST BED DOUBLE NEEDLE	JINYUN SHUAIMA	TOYO	TY-8820		40		20	22120	72	1,592,640.00
14	ZIG ZAG MACHINE	HIND ENT.	HIND			10		5	INR	INR	10,080.00
15	THREAD BURNING	KALRA MACHINE TOOLS	KMT			3		4	INR	INR	38,940.00
16	GLUE SPRAY	GAITONDE	GAITONDE			5	2				313,880.00
D-RING/EYELET											
S.N o.	Machine Name	SUPPLIER	MAKE	MODEL	Total Capacity	Nos.	AIR (CF M)	POWER (K.W.)	PRICE	Rate	PRICE in INR
17	AUTOMATIC D-RING	TMC		C56	700 PAIRS	1	1	1	12400	80	992,000.00
18	EYELETTING	TMC		96.10		1	1	1	7200	80	576,000.00
19	HOOK MACHINE	RS MACHINE TOOLS				3	1		INR	INR	113,280.00
20	PLASTIC HOOK SPS	TMC	SPS	86.4.P L		1	1		10800	80	864,000.00
STROBEL DEPARTMENT											
S.N o.	Machine Name	SUPPLIER	MAKE	MODEL	Total Capacity	Nos.	AIR (CF M)	POWER (K.W.)	PRICE	Rate	PRICE in INR
21	Counter Moulding M/C	YILI	YILI	YL-686N 2HC	1000 PRS/mc	2	4	7	15800	72	1,137,600.00
22	Strobel M/C	GLOBAL	STROBEL	441-1	400 PRS/mc	4		4	13580	80	1,086,400.00
23	Strobel	SIECK	STROBEL	KL		1		1	7450	80	596,000.00

K2



पंजाब नैशनल बैंक
punjab national bank

CREDIT DIVISION
Ho: 4, Dwarka Sector 10,
New Delhi - 110 075

CONFIDENTIAL
STRICTLY FOR INTERNAL USE

M/s. Euro Safety Footwear (India) Pvt. Ltd, BO: IBB, Agra

	M/C Heavy Duty			410-1 EV								
CEMENT LASTING LINE												
S.N o.	Machine Name	SUPPLIER	MAKE	MODEL	Total Capacity	Nos.	AIR (CF M)	POWER (K.W.)	PRICE	Rate	PRICE in INR	
24	Lasting Conveyour	KALRA MACHINE TOOLS	KMT		90 feet	1		2	INR	INR	711,540.00	
25	Toe Lasting M/C	TMC	CERIM	K78S Z-R	700 PRS/mc	2		10	44000	80	3,520,000.00	
26	Mulling M/C	KALRA MACHINE TOOLS	KMT		700 PRS/mc	2		15	INR	INR	365,800.00	
27	Heat Seater	KALRA MACHINE TOOLS	KMT			1		6	INR	INR	342,200.00	
28	Buffing M/C	KALRA MACHINE TOOLS	KMT		DOUBLE SYSTEM	1		3.5	INR	INR	295,000.00	
29	Plate Press	KALRA MACHINE TOOLS	KMT			1	2	0.5	INR	INR	348,100.00	
30	Heat Activator	KALRA MACHINE TOOLS	KMT			1		16	INR	INR	401,200.00	
31	Last d - lasting m/c	JOBO TECH	GLOBAL	GL-902N-A1		1		1	2850	72	205,200.00	
32	Toe Fitting M/C	PIONEER TECH	PIONEER			1	2	0.5	INR	INR	212,400.00	
33	Double pad sole press m/c	KALRA MACHINE TOOLS	KMT			1	2	-	INR	INR		
34	Spray Booth	KALRA MACHINE TOOLS	KMT			1	1	1.5	INR	INR	407,100.00	
35	Reactivating Plant for Soles	TMC		29TR		1	2	-	9500	80	760,000.00	
INJECTION DEPARTMENT												
S.N o.	Machine Name	SUPPLIER	MAKE	MODEL	Total Capacity	Nos.	AIR (CF M)	POWER (K.W.)	PRICE	Rate	PRICE in INR	
36	DESMA Machine					1	100	25	INR	INR	60,000,000.00	
37	Chiller	KALRA MACHINE TOOLS	KMT			1	2	5	410000	INR	483,800.00	
38	Trimming m/c	TMC		C34		1		1	1800	80	144,000.00	
39	Sole Buffing m/c	KALRA MACHINE	KMT			1		1.5			295,000.00	

M/s. Euro Safety Footwear (India) Pvt. Ltd, BO: IBB, Agra

TOOLS											
FINISHING DEPARTMENT											
S.N o.	Machine Name	SUPPLIER	MAKE	MODEL	Total Capacity	Nos.	AIR (CFM)	POWER (K.W.)	PRICE	Rate	PRICE in INR
40	Finishing Conveyour	KALRA MACHINE TOOLS	KMT	50 FT	50 feet	2		5	INR	INR	1,062,000.00
41	Spray Booth	KALRA MACHINE TOOLS	KMT			2	2	3	INR	INR	407,100.00
42	Brushing m/c double side	PIONEER TECH	PIONEER			2		4	INR	INR	160,480.00
UTILITIES											
S.N o.	Machine Name	SUPPLIER	MAKE	MODEL	Total Capacity	Nos.		POWER	PRICE	Rate	PRICE in INR
43	Generator	Jakson						250 KVA	INR	INR	3,445,954.00
44	Compressor	As equipment private limited						37 K.W	INR	INR	1,643,504.00
45	Air Drier	As equipment private limited						300 CFM	INR	INR	
MOULDS											
S.N o.	Machine Name	SUPPLIER	MAKE	MODEL	Total Capacity	Nos.		POWER	PRICE	Rate	PRICE in INR
47	PU MOULD DOUBLE DENSITY	NINGBO MAMA PAPA				45		250 KVA	99000	72	7,128,000.00
48	TURNING HEAD	NINGBO MAMA PAPA				45			15750	72	1,134,000.00
49	TPU MOULD	NINGBO MAMA PAPA				10			10000	72	720,000.00
50	TPU OUTSOLE BOTTOM	NINGBO MAMA PAPA				10			6000	72	432,000.00
51	Transformer	Melcon									1,056,100.00
52	Lift										1,400,000.00
									Total		101,103,338.00
53	FURNITURE + FIXTURES										8,000,000.00

K



CONFIDENTIAL

STRICTLY FOR INTERNAL USE

M/s. Euro Safety Footwear (India) Pvt. Ltd, BO: IBB, Agra

[illegible]

It has been further submitted that FLC of Rs. 6.00 crores workable within term loan is to be issued in favour of overseas suppliers. The said FLC will be repaid by debiting term loan @75% of FLC amount and remaining 25% amount will be repaid by liquidating FDR's held as margin against the said FLC.

c) Other costs include Furniture 0.80 crores, contingency 0.98 crores, including industrial electrification & lift installation and preliminary expenses. For furniture & fixture and Lift etc. no quotations were provided as it will be purchased from local suppliers of repute with some bargaining at borrower's end.

APPENDIX V A

Comments on all major technical aspects like locational advantage, Technology/ manufacturing process, power, manpower, utilities, transportation, etc.

It is a existing unit. The party is engaged in the line of activity since 2005. The party has requested for fresh TL of Rs.13.50 cr for expansion of the capacity.



APPENDIX VI

M/s. Euro Safety Footwear (India) Pvt. Ltd, BO: IBB, Agra

Techno economic viability report- M/s Euro Safety Footwear Pvt Ltd, IBB Agra, CO Agra

Captioned party has proposed for Sanction of fresh term loan of Rs 13.50 Cr. for the expansion of existing unit. Accordingly site was inspected on dated 26.02.2020

M/s Euro Safety Footwear (India) Pvt. Ltd. is an Export oriented unit and the company has also entered in the domestic market through supply of shoes in bulk to Government departments etc. The company is an associate/allied concern of M/S Roger Industries Ltd. which is 100% export unit. Roger Group is one the valued customers dealing with the Bank since 1989 exclusively. This company is dealing with the Bank since inception in November 2005 and its entire financial needs have been met by the bank. The company has been established in Dec 2004 and has its Regd. office at B-49/4, 49/5, 54/2, 54/3 EPIP, Shastripuram, Agra and Corporate office at B-49/4, 49/5, 54/2, 54/3, EPIP, Shastripuram Agra. The Company is manufacturer & exporter of Leather Shoes (EOU) with a capacity of 3600 pairs per day. (Proposed Capacity 22.00 lacs per annum after proposed expansion), Sole Banking with us.

Other than this party is enjoying Fund based working capital limits of Rs 42.00 cr, NFB facilities of Rs. 8.00 cr. existing three term Loans with present o/s of Rs.5.67 cr, forward contract limit of Rs.135.00 cr.

	Address	PIN Code	Phone	E mail
WORK/ FACTORY	B-49/4, B-49/5, B-49/6, B-54/2, B-54/3, Industrial Area, Shashtripuram, Agra, -282007,	282007	+919897583682	office@eurosafety.com
WORK/ FACTORY	B-54 & B-54/1, Industrial Area, EPIP, Agra	282007	+919897583682-	office@eurosafety.com

Constitution	PVT.LTD COMPANIES
Date of incorporation/Establishment	03/12/2004
Dealing with PNB since	2005 (since inception)
Industry/Sector	Leather footwear Ind.
Business Activity (Product) / Installed Capacity	Mfg. & exporter of leather Shoes Capacity: Existing:-20 lakh p.a, Proposed-22 lakh p.a.
Corporate Identity No. (CIN)	U19201UP2004PTC029359

Name of promoters/ Directors:

Name And	Address/Mobile No./e-mail address of Main	Whether
----------	---	---------

(Handwritten signature)



M/s. Euro Safety Footwear (India) Pvt. Ltd, BO: IBB, Agra

Designation	Directors/Guarantor Directors/Key persons	Promoter/ Professional/ Nominee
Stella Budhiraja,	24- Lajpat Kunj, Agra 9897026682, office@rogerexports.com	Promoter
Varun Budhiraja,	24, lajpatkunjagra, 9897026682, office@rogerexports.com	Professional
Kulbir singh,	303, Kaveri Green Grand, Kailash Bihar, Agra,	Promoter
Dalbir Kaur,	303, Kaveri Green Grand Kailash Bihar Agra, 9837091457,	Promoter
Deepak Budhiraja,	24-Lajpat Kunj, Agra, 9927230666, Office@rogerexports.com	Promoter

The company is being managed by the Board of Directors and ensuring smooth running of the Unit. Managing Director Mr. Kulbir Singh is a graduate engineer and having long experience in the manufacturing of shoes for International Market.

Mr. Deepak Budhiraja, Director is also having experience in the line of activity and is looking after quality checking for International Market. Mrs. Dalbir Kaur, Director is overall in charge of finance department of the Company. Mr. Varun Budhiraja has been appointed as Professional director in the company w.e.f. 05.11.2015.

The directors are well experienced in line of business. It is a pvt ltd company and all directors are family members. The next generation will take over the business in due course.

Resources:

Land, water, power, communication, labour as well as Transportation facility is properly available where the site expansion is proposed.

Purpose

The company has proposed to expand existing plant for manufacturing of Safety Shoes to the capacity of 22 lacs pairs shoes at B49, B49/1 To 3, EPIP Industrial Area, Agra for which they have proposed for fresh Term Loan of Rs.13.00 Crore for construction of building, installation of plant & machinery and other fixed assets.

The cost of project would be Rs 25.46 cr and means of finance will be in the shape of Term Loan of Rs. 13.50 cr. & internal accruals of Rs. 11.96 cr.

Out of the above COP, the company is planning to import machineries costing approx Rs.10.11crores and intends to open FLC (capital goods) of Rs. 6.00 crores in favour of machinery suppliers. These FLC's will be paid by way of debiting term loan.



M/s. Euro Safety Footwear (India) Pvt. Ltd, BO: IBB, Agra

Summary of cost of project and means of finance

Cost of Project	Amount in Crore
*Land	4.77
Building	8.79
Plant and Machinery	10.11
Furniture and Fixtures including Industrial Electrification & Lift	0.80
Contingency and spares etc.	0.99
Margin Money For WC	0.00
Total	25.46

Means of Finance	Amount in Crore
Capital/Fresh Funds from Promoter	0.00
Internal Accruals	11.96
Term Loan	13.50
Unsecured Loan	0.00
Total	25.46

The land is owned by the company and it is mortgaged as collateral security to secure credit facilities sanctioned in favour of a Group concern M/s Euro Safety Equipment Private Limited. Due to this reason the Value of land is not taken as primary security in the account. By not adding the value, the cost of project & means of finance comes as under:

Cost of Project:

Cost of Project	Amount in Crore
Building	8.79
Plant and Machinery	10.11
Furniture and Fixtures including Industrial Electrification & Lift	0.80
Contingency and spares etc	0.99

53



M/s. Euro Safety Footwear (India) Pvt. Ltd, BO: IBB, Agra

Total	20.69
-------	-------

Land – Rs. 4.77 crores:-

The company has already purchased factory land being IP plot no. B49, B49/1 to B49/3 at EPIP industrial Area Agra. Cost of these two IP's is Rs. 4.77 crores including registration expenses & other charges. The total cost has been taken as Rs. 4.77 crores.

Building – Rs. 8.79 crores:-

Proposed cost of construction is 8.79 crores as per estimate submitted by Architect firm M/s Infinity. The same has been vetted by approved valuer at ours M/S Nirmaan and the cost of construction has been remained same as Rs.8.79 cr.

Plant & Machinery – Rs. 10.11 crores:-

Out of total Plant & Machinery costing Rs. 10.11 crores, machinery costing 2.74 crores approx. is to be imported either directly or through their agents in New Delhi.

List of plant & machinery is appended here below –

MACHINE REQUIRED FOR 2000 PAIRS/DAY											
CUTTING DEPARTMENT											
No.	Name	SUPPLIER	MAKE	MODEL	Total Capacity	Nos.	R (CFM)	ER (K.W.)	E in US\$	Rate	PRICE in INR
1	CUTTING MACHINE	ARES	ARES	F50	100 PAIRS	4		6	19500		
2	MATERIAL CUTTING MACHINE	ARES	ARES	F50	500 PAIRS	2		8		72	1,404,000.00
3	HEAVY DUTY BEAM PRESS	NINGBO MAMA PAPA	Atom	SP588/3	200 PAIRS	2		6	19400	72	1,396,800.00
PREPARATION DEPARTMENT											
No.	Name	SUPPLIER	MAKE	MODEL	Total Capacity	Nos.	R (CFM)	ER (K.W.)	PRICE	Rate	PRICE in INR
4	SKIVING MACHINE	TOPSON	TOPSON	KA226	300 PAIRS	7		5	INR	-	33,800.00
5	CLOTH PASTING	SIECK	WSK	401	700 PAIRS	1		5	5750	80	460,000.00
6	STAMPING MACHINE	WESTERN	WESTERN		500 PAIRS	3		3	INR	-	157,500.00
7	SPLITTING MACHINE	SIECK	FORTUNA	AN 400	200 PAIRS	1		2	10500	80	840,000.00
8	CE LABEL PASTING MACHINE	NINGBO MAMA PAPA	YILI	YL-8875		1		1	3850	72	277,200.00
9	EMBOSSING MACHINE	NGEETHA ENT	SANGEETHA	SE008		1	2	1	0		70,800.00
SOCKS DEPARTMENT											
No.	Machine Name	SUPPLIER	MAKE	MODEL	tal Capacity	Nos.	R (CFM)	ER (K.W.)	PRICE	Rate	PRICE in INR
10	31K.MACHINE	TOPSON ENT.		31K		7		3	INR	-	8,500.00
11	ZIG ZAG MACHINE	HIND ENT.	HIND			2		1	INR	-	10,080.00

M/s. Euro Safety Footwear (India) Pvt. Ltd, BO: IBB, Agra

ER DEPARTMENT											
USE 50000 PRS/MONTH											
No.	Name	SUPPLIER	MAKE	MODEL	Total Capacity	Nos.	AIR (CFM)	POWER (K.W.)	PRICE	Rate	PRICE in INR
12	POST BED SINGLE NEEDLE	JYUN SHUAIMA	TOYO	TY-8810		60		30	28380	72	2,043,360.00
13	POST BED DOUBLE NEEDLE	JYUN SHUAIMA	TOYD	TY-8820		40		20	22120	72	1,592,640.00
14	ZIG ZAG MACHINE	HIND ENT.	HIND			10		5	INR	INR	10,080.00
15	THREAD BURNING	KALRA MACHINE TOOLS	KMT			3		4	INR	INR	38,940.00
16	GLUE SPRAY	GAITONDE	GAITONDE			5	2				313,880.00
EYELET											
S.No.	Machine Name	SUPPLIER	MAKE	MODEL	Total Capacity	Nos.	AIR (CFM)	POWER (K.W.)	PRICE	Rate	PRICE in INR
17	AUTOMATIC D-RING	TMC		C56	700 PAIRS	1	1	1	12400	80	992,000.00
18	EYELETING	TMC		96.10		1	1	1	7200	80	576,000.00
19	HOOK MACHINE	RS MACHINE TOOLS				3	1		INR	INR	113,280.00
20	PLASTIC HOOK SPS	TMC	SPS	86.4 PL		1	1		10800	80	864,000.00
STROBEL DEPARTMENT											
S.No.	Machine Name	SUPPLIER	MAKE	MODEL	Total Capacity	Nos.	AIR (CFM)	POWER (K.W.)	PRICE	Rate	PRICE in INR
21	Counter Moulding M/C	YILI	YILI	YL-686N	1000 PRS/mc	2	4	7	15800	72	1,137,600.00
22	Strobel M/C	GLOBAL	STROBEL	441-1	400 PRS/mc	4		4	13580	80	1,086,400.00
23	Strobel M/C Heavy Duty	SIECK	STROBEL	KL 410-1 EV		1		1	7450	80	596,000.00
CEMENT LASTING LINE											
S.No.	Machine Name	SUPPLIER	MAKE	MODEL	Total Capacity	Nos.	AIR (CFM)	POWER (K.W.)	PRICE	Rate	PRICE in INR
24	Lasting Conveyour	KALRA MACHINE TOOLS	KMT		90 feet	1		2	INR	INR	711,540.00
25	Toe Lasting M/C	TMC	CERIM	K78SZ-R	700 PRS/mc	2		10	44000	80	3,520,000.00
26	Mulling M/C	KALRA MACHINE TOOLS	KMT		700 PRS/mc	2		15	INR	INR	385,800.00
27	Heat Seater	KALRA MACHINE TOOLS	KMT			1		6	INR	INR	342,200.00
28	Buffing M/C	KALRA MACHINE TOOLS	KMT		DOUBLE SYSTEM	1		3.5	INR	INR	295,000.00
29	Plate Press	KALRA MACHINE TOOLS	KMT			1	2	0.5	INR	INR	348,100.00
30	Heat Activator	KALRA MACHINE TOOLS	KMT			1		16	INR	INR	401,200.00
31	Last d -lasting m/c	JOBO TECH	GLOBAL	GL-902N-A1		1		1	2850	72	205,200.00
32	Toe Fitting M/C	PIONEER TECH	PIONEER			1	2	0.5	INR	INR	212,400.00
33	Double pad sole press m/c	KALRA MACHINE TOOLS	KMT			1	2		INR	INR	
34	Spray Booth	KALRA MACHINE TOOLS	KMT			1	1	1.5	INR	INR	407,100.00
35	Reactivating Plant for Soles	TMC		29TR		1	2		9500	80	760,000.00

K3



M/s. Euro Safety Footwear (India) Pvt. Ltd, BO: IBB, Agra

INJECTION DEPARTMENT											
S.No.	Machine Name	SUPPLIER	MAKE	MODEL	Total Capacity	Nos.	AIR (CFM)	POWER (K.W.)	PRICE	Rate	PRICE in INR
36	DESMA Machine					1	100	25	INR	INR	60,000,000.00
37	Chiller	KALRA MACHINE TOOLS	KMT			1	2	5	410000	INR	483,800.00
38	Trimming m/c	TMC		C34		1		1	1800	80	144,000.00
39	Sole Buffing m/c	KALRA MACHINE TOOLS	KMT			1		1.5			295,000.00
FINISHING DEPARTMENT											
S.No.	Machine Name	SUPPLIER	MAKE	MODEL	Total Capacity	Nos.	AIR (CFM)	POWER (K.W.)	PRICE	Rate	PRICE in INR
40	Finishing Conveyour	KALRA MACHINE TOOLS	KMT	50 FT	50 feet	2		5	INR	INR	1,062,000.00
41	Spray Booth	KALRA MACHINE TOOLS	KMT			2	2	3	INR	INR	407,100.00
42	Brushing m/c double side	PIONEER TECH	PIONEER			2		4	INR	INR	160,480.00
UTILITIES											
S.No.	Machine Name	SUPPLIER	MAKE	MODEL	Total Capacity	Nos.		POWER	PRICE	Rate	PRICE in INR
43	Generator	Jakson						250 KVA	INR	INR	3,445,954.00
44	Compressor	As equipment private limited						37 K.W	INR	INR	
45	Air Drier	As equipment private limited						300 CFM	INR	INR	1,643,504.00
MOULDS											
S.No.	Machine Name	SUPPLIER	MAKE	MODEL	Total Capacity	Nos.		POWER	PRICE	Rate	PRICE in INR
47	PU MOULD DOUBLE DENSITY	NINGBO MAMA PAPA				45		250 KVA	99000	72	7,128,000.00
48	TURNING HEAD	NINGBO MAMA PAPA				45			15750	72	1,134,000.00
49	TPU MOULD	NINGBO MAMA PAPA				10			10000	72	720,000.00
50	TPU OUTSOLE BOTTOM	NINGBO MAMA PAPA				10			6000	72	432,000.00
51	Transformer	Melcon									1,056,100.00
52	Lift										1,400,000.00
53	FURNITURE + FIXTURES & FITTINGS								Total		101,103,338.00
											8,000,000.00

Means of Finance:

Means of Finance	Amount in Crore
Capital/Fresh Funds from Promoter	0.00
Internal Accruals	7.19
Term Loan	13.50
Unsecured Loan	0.00

M/s. Euro Safety Footwear (India) Pvt. Ltd, BO: IBB, Agra

Total	20.69
DER 1.88	

Promoters Contribution

The total promoter's contribution in the project is envisaged to be Rs. 11.96 Crore to be brought in by the company by way of internal accruals. Company has already incurred an expenditure of Rs. 4.77 Crores towards land acquisition and misc. fees. However land has not been taken as Primary security.

It has been further submitted that FLC of Rs. 6.00 crores workable within term loan is to be issued in favour of overseas suppliers. The said FLC will be repaid by debiting term loan @75% of FLC amount and remaining 25% amount will be repaid by liquidating FDR's held as margin against the said FLC.

Other costs include Furniture 0.80 crores, contingency 0.98 crores, including industrial electrification & lift installation and preliminary expenses. For furniture & fixture and Lift etc. no quotations were provided as it will be purchased from local suppliers of repute with some bargaining at borrower's end.

Implementation schedule

Event	Target Timeline	Present Status
Company Incorporation	Existing Company	Completed
Purchase of land	Already acquired	Acquired
Construction start date	Feb 2020	Digging work under process
Construction end date	December 2020	NA
Placing orders for machineries	December 2020	Placed for some machineries
Arrival of machineries	January 2021	Yet to be arrived
Installation of machineries	February 2021	After construction
Trial Runs	March 2021	NA
Commercial production	April 2021	NA

Draw Down Schedule Month wise

KZ



M/s. Euro Safety Footwear (India) Pvt. Ltd, BO: IBB, Agra

Year	Month	Disbursement in crore	Cumulative amount in crore
2020-2021	Ist Quarter	3.00	3.00
2020-2021	II Quarter	3.00	6.00
2020-2021	III Quarter	3.00	9.00
2020-2021	IV Quarter	4.50	13.50

Proposed Repayment Schedule

Date of Commencement of Project	Already commenced
Implementation period (in months)	15 months
Scheduled date of Completion of Project	March 2021
Commercial Operations Date (COD)	April 2021
Moratorium (in months)	9 months
Repayment period in months/quarters/ Half year	Quarterly
No. of installment	25 equal installments of Rs.52.00 lakh commencing from Dec 2020& 1 installment of Rs.50 lakh in March 2027.
Starting Date	31 st Dec 2020
End Date (Last instalment)	31 st March 2027
Door to door tenor	April 2020 to March 2027 (7 years)

Industry Scenario

Executive Summary

The size of the Indian leather and leather products industry was an estimated at ~Rs 733 billion in 2017-18, with exports accounting for around 49 per cent of revenues. For the purpose of this IRS, only large integrated players with either complete operations until finished goods or also have retail outlets for better reach in domestic market would be included. In 2017-18, the total exports of the leather industry is estimated to have increased 3.2% to US\$5.5 billion due to a uptick in European and USA market which constitute for over 55% of the export market. On the other hand, domestic demand grew at a steady pace of 6-7% in fiscal 2018. Thus, overall revenues of leather industry are estimated to have increased by ~3% in fiscal 2018. Over the next 3 years (2018-19, 2019-20 and 2020-21), the revenues are expected to grow at ~ 5% CAGR as compared to 1-2% CAGR in the last 3 years. Competition from countries like China, Italy, Hong Kong and France will continue. On the domestic front, the industry is highly fragmented, and is characterized by the presence of several small and medium enterprises (SMEs), leading to intense competition.

Background



M/s. Euro Safety Footwear (India) Pvt. Ltd, BO: IBB, Agra

The leather and leather products industry in India has been an export heavy sector with ~50% of revenues for the industry coming through exports. Leather goods and products comprise footwear and footwear components, leather garments and goods, shoe uppers, and finished leather. The primary production centres for leather and leather products in India are Chennai, Ambur, Ranipet, Vaniyambadi, in Tamil Nadu; Kolkata in West Bengal; Kanpur, Unnao and Agra in Uttar Pradesh; Jalandhar in Punjab; Bengaluru in Karnataka; Hyderabad in Andhra Pradesh; Mumbai in Maharashtra; and in and around Delhi. There are ~12000-14000 SME units in India and which account for ~85-90% of industry's revenues. The leather industry ranks eighth in India's export trade. The chief export markets are Germany, France, Hong Kong, Italy, Spain, the UK and the US accounting for over 55% of overall exports from the country.

Demand - Supply

We estimate the Indian leather industry's revenue to have increased by ~8% to about ~Rs 790 billion in fiscal 2019. Exports accounted for around 49 per cent of revenues while domestic sales accounted for the rest. However, exports declined in dollar terms in Fiscal 2019 by around 1%. The decline in exports was due to decrease in demand in the European and Chinese market due to rising demand for synthetic leather. However, due to the depreciation of rupee by 8%, the exports increased by 7% (in rupee terms). Over fiscals 2019-20 and 2020-21, leather exports are expected to rise by about 2-3% per cent (in dollar terms). The growth will primarily be aided by a depreciated rupee and incremental demand expected from USA (as US govt. is expected to impose tariffs on footwear from China). Further, an increase in rebate given to exporters to five per cent, from three per cent, in the case of loans granted in the pre-shipment and post-shipment stages (which account for over 70 per cent of loans) is expected to give a further fillip to leather exports. On the domestic front, revenues increased by a faster 8-9% in fiscal 2019 and were primarily driven by footwear, garments and goods segment (which constituted for ~75-80% of domestic market in fiscal 2019). Our industry interactions suggest that players have had a healthy domestic order book for fiscal 2020 and we believe that these segments will continue to drive growth over the next two fiscals. Further, the import duty hike on leather footwear to 20-25% and leather goods such as suitcases and bags from 10% to 15% is also expected to have a marginally positive impact on domestic sales.

Government policies

(K)



M/s. Euro Safety Footwear (India) Pvt. Ltd, BO: IBB, Agra

The industry enjoys duty drawback schemes for the leather, leather articles and footwear exported from India. In the budget of 2018-19, the benefits of income tax under section 80JJAA was extended to the footwear industry. The minimum period of employment for deduction of emoluments paid to new eligible employees was relaxed to 150 days from 240 days encouraging employment in the industry. In January 2018, the government announced the 'Indian Footwear, Leather and Accessories Development Programme (IFLADP)'. The government also approved an expenditure of Rs 2,600 crore to be expensed over fiscals 2018-2020. The scheme is aimed at developing infrastructure, addressing environmental concerns, facilitating additional investments, employment generation and increase production in the leather sector. Further, the government has doubled the turnover limit for GST exemption from Rs 20 Lakhs to Rs 40 Lakhs. This is further expected to be beneficial for small players in the industry which are especially involved in livestock and skin collection stages of the value chain. West Bengal government has declared a cluster of new projects along with laying the foundation stone of many other projects at Asia's first 'Integrated Leather Complex' at the Calcutta Leather Complex (CLC) in the east neighborhood of Kolkata which will create 500,000 new job opportunities with Rs 80,000 crore investments in the near future. Land has been allocated to new tanneries from Kolkata, Kanpur and Chennai. However, the government has restrictive policies for the sector in particular regions such as Uttar Pradesh and West Bengal. Although the state governments of Uttar Pradesh and West Bengal have set up effluent treatment plants to comply with environmental norms, the use of effluent treatment plants is limited to large players. Many of the small and medium tanneries discharge their wastes directly into the water bodies creating a threat to human health. The government has also announced a proposal to impose a sharp export duty cut on raw leather and hide from 60% to 40% in the 2019 Union Budget along with abolishing 15% export duty on East Indian tanned leather. The share of these items is not huge in the leather export basket at present, but an increase in their export after budget incentives is expected to create a supply crunch.

Input - related risk

India is the largest livestock holding country in the world, with around 21% large animals and 11% small animals (15-18% of the world's cattle population). India produces 3 bn sq. feet of leather on an annual basis. The large livestock population ensures natural advantage in terms of raw material availability. Raw material cost forms a major portion of operating cost for leather manufacturers, accounting for 65-75% of the operating cost for integrated SME players and 75-80% for non-integrated SME players. Major raw materials used in manufacturing leather are animal hides and chemicals. Labour cost is the next large constituent, comprising 8-15% of total cost. After the 'beef ban' was implemented in Maharashtra, Madhya Pradesh, Bihar, West Bengal, Tamil Nadu in May 2017, it impacted raw material availability in key clusters like Chennai, Kanpur and Kolkata. Many of the smaller tanneries in Chennai remained shut due to lack of raw hides and skins. This had led to a sharp rise in raw material prices. However, our industry interactions indicate that barring Kanpur and Chennai (which sometimes face shortages of raw materials), the rest of the major clusters now have access to raw materials as majority of the slaughter houses have been licensed and are running with proper permissions. India's recovery rate from carcasses is among the lowest in the world, owing to poor technological development which has also resulted in longer recovery time.



M/s. Euro Safety Footwear (India) Pvt. Ltd, BO: IBB, Agra

Extent of Competition

Fragmented nature of the industry (almost 85-90% of the market value is from SMEs) has led to stiff competition in the domestic market. Even though the domestic market faces intense competition in leather products and garments, the export market is relatively less competitive as clusters specialize in exports of a particular kind of product. However, if we further look at the export basket India exports more of low value add products given lack of finishing and designing skills. India accounts for nearly 3-4% of global leather exports as compared to 40-45% of China and 10-12% of Italy. Thus, we believe competitive scenario for the sector remain grim. Project has been accepted viable subject to party will work in the line of assumptions as given in project report will works strictly on the line as projected by them and achieve the desired result as per projections under govt. rules regulation and bank guidelines to generate sufficient cash accruals for repayment of the loan.

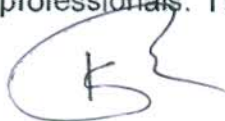
Raw Material availability: The unit is in this living business from a long time. Raw material is available from Kanpur, Chennai, Kolkata etc. according to the buyer's requirement. If needed, raw material can also be imported from various countries as per the need of the style/footwear manufacturing

Production Process: Leather cut in different components and then marking of the components is done before it goes to stitching. Uppers are then made to stitch the components together. Once uppers are made then it goes into lasting which is done by hand lasting / Machine to give the shape of the shoe. Then the sole is attached to the upper to make a complete shoe. The finishing of the shoe and packing is the last stage.

Marketing: Safety footwear has a good market due to faster growing concern amongst global companies to improve safety measures for their employees and workforce. All the multinational companies are going for environment and labour audits which convince them to take care of their employees and prevent from unexpected incidents at plants. This increases their concern for safety products or employee.

Euro Safety Footwear India Pvt. Ltd is currently managing its marketing under the supervision of Mr. Kulbir Singh. He is a widely traveled person and has been handling biggest names in the industry since decades. Besides that there is a team of marketing professionals with experience in the industry who travels for the company to expand in new countries and increase customer base.

They have increased the presence to a great extent in Germany and Spain along with other European countries due to efficient marketing professionals. The company is having professional




M/s. Euro Safety Footwear (India) Pvt. Ltd, BO: IBB, Agra

tie ups with marketing companies in some countries for sale of products. Some of key management is very good in speaking German and Italian language which helps in marketing ourselves into their domestic market.

Profitability:

Particulars	Projections							
	2020	2021	2022	2023	2024	2025	2026	2027
Installed Capacity	22 lacs p.a.							
Net Sales/Receipts	14000	15000	16000	17500	20000	20000	20000	20000
Profit after Tax	787.38	820.54	896.21	983.41	1244.69	1311.86	1432.34	1524.90
Cash Profit	1029.53	1075.89	1303.94	1391.14	1652.42	1719.59	1786.07	1853.24

	2020	2021	2022	2023	2024	2025	2026	2027
Projections								
I. PROFIT AND LOSS ACCOUNT:								
SALES:								
(i) Domestic Sales	1400.00	1500.00	1600.00	1750.00	2000.00	2000.00	2000.00	2000.00
(ii) Export Sales	12600.00	13500.00	14400.00	15750.00	18000.00	18000.00	18000.00	18000.00
GROSS SALES:	14000.00	15000.00	16000.00	17500.00	20000.00	20000.00	20000.00	20000.00
LESS: Excise duty								
ADD: Other Operating Income (Duty drawback and Export entitlement)	756.00	810.00	864.00	945.00	1080.00	1080.00	1080.00	1080.00
NET SALES:	14756.00	15810.00	16864.00	18445.00	21080.00	21080.00	21080.00	21080.00
Increase in Net Sales (%)	1.68%	7.14%	6.67%	9.38%	14.29%	0.00%	0.00%	0.00%
COST OF SALES:								
(i) Raw materials								
A. Imported	2775.35	2655.00	2826.50	3066.25	3541.50	3510.00	3510.00	3510.00
B. Indigenous	6519.31	6195.00	6596.50	7153.25	8267.50	8190.00	8190.00	8190.00
(ii) Other Spares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
A. Imported	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
B. Indigenous	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iii) Power & Fuel	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iv) Direct Labour	1400.00	1500.00	1600.00	1750.00	2000.00	2000.00	2000.00	2000.00
(v) Material handling charges	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(vi) Depreciation	242.15	255.35	407.73	407.73	407.73	407.73	353.73	338.34
(vii) Repairs & Maintenance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(viii) Other Manuf. Expenses	490.00	525.00	560.00	612.50	700.00	700.00	700.00	700.00
SUB TOTAL:	11426.81	11130.35	11990.73	12989.73	14916.73	14807.73	14753.73	14738.34
ADD: Opening Stock in Process	974.93	1060.00	1060.00	1072.50	1060.00	1097.50	1097.50	1097.50
DEDUCT: Closing Stock in Process	1060.00	1060.00	1072.50	1060.00	1097.50	1097.50	1097.50	1097.50
COST OF PRODUCTION:	11341.74	11130.35	11978.23	13002.23	14879.23	14807.73	14753.73	14738.34
C O P as % of Gross Sales	81.01%	74.20%	74.86%	74.30%	74.40%	74.04%	73.77%	73.69%
ADD: OP Stock of Finished Goods	828.14	1738.40	1738.40	1758.90	1738.40	1799.90	1799.90	1799.90
DEDUCT: CL Stock of Finished Goods	1738.40	1738.40	1758.90	1738.40	1799.90	1799.90	1799.90	1799.90
COST OF SALES:	10431.48	11130.35	11957.73	13022.73	14817.73	14807.73	14753.73	14738.34
Cost of Sales as % of Gross Sales	74.51%	74.20%	74.74%	74.42%	74.09%	74.04%	73.77%	73.69%
Selling, General & Admn. Expenses	3139.00	3375.00	3480.00	3937.50	4500.00	4500.00	4500.00	4500.00
PROFIT BEFORE INTEREST & TAX (PBIT)	1185.52	1304.65	1426.27	1484.77	1762.27	1772.27	1826.27	1841.66
PBIT as % of Gross Sales	8.47%	8.70%	8.91%	8.48%	8.81%	8.86%	9.13%	9.21%

M/s. Euro Safety Footwear (India) Pvt. Ltd, BO: IBB, Agra

Interest & Other Financial Charges	144.66	197.86	214.64	172.33	147.84	124.79	101.88	79.03
Intt. & Fin. Charges as % of Sales	1.03%	1.32%	1.34%	0.98%	0.74%	0.62%	0.51%	0.40%
OPERATING PROFIT BEFORE TAX (PBT)	1040.86	1106.79	1211.63	1312.44	1614.43	1647.48	1724.40	1762.63
PBT as % of Gross Sales	7.43%	7.38%	7.57%	7.50%	8.07%	8.24%	8.62%	8.81%
ADD: Other Nonoperative Income								
(i) Interest & dividend	50.00	30.00	30.00	50.00	110.00	170.00	260.00	350.00
(ii) Shipping brokerage								
(iii) Exchange Prov Written Back								
(iv) Profit on sale of assets								
(v) Other income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SUB-TOTAL (INCOME)	50.00	30.00	30.00	50.00	110.00	170.00	260.00	350.00
Deduct Other Non-operating Exp.								
(i) Loss on Invest								
(ii) Loss on Forex								
(iii) Loss on Sale of Fixed Assets								
(iv) Bad Debts W/ Off								
(v) Other expenses (Preliminary Expense)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SUB-TOTAL (EXPENSES)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PROFIT BEFORE TAX / LOSS	1090.86	1136.79	1241.63	1362.44	1724.43	1817.48	1984.40	2112.63
Tax Paid								
Provision for Taxes	303.48	316.26	345.42	379.03	479.74	505.62	552.06	587.73
NET PROFIT/LOSS (PAT)	787.38	820.54	896.21	983.41	1244.69	1311.86	1432.34	1524.90
PAT as % of Gross Sales	5.62%	5.47%	5.60%	5.62%	6.22%	6.56%	7.16%	7.62%
Equity/Pref. Dividend Paid								
(i) Amt								
(ii) Rate								
RETAINED PROFIT	787.38	820.54	896.21	983.41	1244.69	1311.86	1432.34	1524.90

Sale	14756.00	15810.00	16864.00	18445.00	21080.00	21080.00	21080.00	21080.00
	2775.35	2655.00	2826.50	3066.25	3541.50	3510.00	3510.00	3510.00
	6519.31	6195.00	6596.50	7153.25	8267.50	8190.00	8190.00	8190.00
RM	9294.66	8850.00	9423.00	10219.50	11809.00	11700.00	11700.00	11700.00
Other	4673.96	6139.46	6544.79	7242.09	8026.31	8068.14	7947.66	7855.10
DSCR on Company as a whole								
PAT	787.38	820.54	896.21	983.41	1244.69	1311.86	1432.34	1524.90
Depreciation	242.15	255.35	407.73	407.73	407.73	407.73	353.73	338.34
Interest on Term Loan	144.66	197.86	214.64	172.33	147.84	124.79	101.88	79.03
A	1174.19	1273.75	1518.58	1563.47	1800.26	1844.38	1887.95	1942.27
Installment	326.19	358.21	428.80	275.55	210.02	209.47	207.69	207.69
Interest on Term Loan	144.66	197.86	214.64	172.33	147.84	124.79	101.88	79.03
B	470.85	556.07	643.44	447.88	357.86	334.26	309.57	286.72
DSCR	2.49	2.29	2.36	3.49	5.03	5.52	6.10	6.77
Average DSCR					4.25			

M/s. Euro Safety Footwear (India) Pvt. Ltd, BO: IBB, Agra

DSCR is every year as well as Average DSCR is above 2 in every year and is as per required bank's benchmark

DSCR On reducing sale by 5% or increasing the cost of RM by 5%

In both cases average DSCR is above 1. However on reducing the sale by 5%, in starting 2 years, same is below 1. For this party has proposed that they will induct long term funds from their other sources of income to repay the loan liability timely

Calculation of Break Even Point for 2020-21 is as under:

Calculation of Break Even Point is as under:	
FY 2020-21	Fixed Cost (Rs. In crore)
Admin. Expenses	33.75
Depreciation	2.55
Interest on Term Loan	0.85
Total	37.15
	11.06
Profits	
Contribution	48.21
% BEP i.e. Fixed Cost*capacity utilization/contribution	53.94%

IRR for proposed project cost Rs.2069Lacs: 57.10%

SWOT:

Strength

- The company has been an EOU and promoters of the company have been dealing with us for the last 30 years.
- The company has also entered in to the domestic market and earnings profits.
- The main promoter Shri Kulbir Singh is technocrat and having good experience in the line of activity.
- The other group account – M/S Roger Industries Ltd, M/s Roger International Pvt. Ltd, M/s Roger Industrial Oils Pvt. Ltd. are also dealing with us exclusively and all the accounts are regular.

(K)



M/s. Euro Safety Footwear (India) Pvt. Ltd, BO: IBB, Agra

Weakness

- Being an EOU, the company is subject to exchange rate fluctuation and margins are affected on currency movement.
- Any economic/political turmoil in the exporting nations may affect exports.
- Any change in government policy may impact over the unit

Opportunities

- The Company takes forward cover to meet exchange risk.
- Export orders are subject to buyers quality control and competitive rates which is a Threat in view of China's cost competitive quotes
- Company has stated that in view of better quality/designs, orders position will improve.
- Expansion in capacity will positively increase the growth of Co.

Threats

- Competition from peer group of companies

Final Comment:

Promoters are already engaged in same line of business, now they have proposed expansion of their business, running their other units satisfactorily. Site was visited on dated 26.02.2020. After analyzing the financial data submitted by the party and various discussions conducted with party as well as branch officials, in normal circumstances the proposed project is technically feasible and economically viable.

K. K. Singh
Sr. Manager Industry
Dated: 27.02.2020



K

M/s. Euro Safety Footwear (India) Pvt. Ltd, BO: IBB, Agra

II. BALANCE SHEET								
LIABILITIES:	2020	2021	2022	2023	2024	2025	2026	2027
CURRENT LIABILITIES:	Projections	0	0	0	0	0	0	0
Short Term borrowings from banks (including bill purchased/discouted)								
(i) from applicant bank)	4450.00	4450.00	4450.00	4450.00	4450.00	4450.00	4450.00	4450.00
(ii) from other banks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iii) (of which Bill purchased & disc.)	1250.00	1250.00	1250.00	1250.00	1250.00	1250.00	1250.00	1250.00
SUB-TOTAL	4450.00	4450.00	4450.00	4450.00	4450.00	4450.00	4450.00	4450.00
Short Term Borrowings from others(Book OD)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sundry Creditors (Trade)	840.00	740.00	790.00	850.00	990.00	980.00	980.00	980.00
Adv payment / dealers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Provision for Taxation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividend payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Statutory Liabilities (Due within One Year)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Installments of Term loans / Debentures / DPGs / deposits etc. (due within 1 year)	358.21	428.80	275.55	210.02	209.47	207.69	207.69	0.00
Expenses payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest accrued but not due	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dues to Directors	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Security Dep- Suppliers and Contractors	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Current Liabilities	120.00	120.00	120.00	120.00	120.00	120.00	120.00	120.00
Creditors for capital goods	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SUB-TOTAL	1318.21	1288.80	1185.55	1180.02	1319.47	1307.69	1307.69	1100.00
TOTAL CURRENT LIABILITIES	5768.21	5738.80	5635.55	5630.02	5769.47	5757.69	5757.69	5550.00
TERM LIABILITIES								
Debentures (not maturing within 1 year)								
Pref. Shares (redeemable after 1 Yr)								
Term Loans(Excluding payable within 1 Yr)	189.22	1110.42	834.87	624.85	415.38	207.69	0.00	0.00
Term Deposits (repayable after 1 year)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unsecured loans (relatives)	2300.00	2300.00	2300.00	2300.00	2300.00	2300.00	2300.00	2300.00
Mobilization Advance repayable after 1 year (SME Loans)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Sales Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Tax Liability	102.56	102.56	102.56	102.56	102.56	102.56	102.56	102.56
TOTAL TERM LIABILITIES	2591.78	3512.98	3237.43	3027.41	2817.94	2610.25	2402.56	2402.56
Capital Account	498.00	498.00	498.00	498.00	498.00	498.00	498.00	498.00
Preference Share Capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
General reserve	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital Reserve	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Surplus(+) or deficit (-) in P & L Account	3300.47	4121.00	5017.22	6000.63	7245.32	8557.18	9989.52	11514.42
Share Application Money	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Security Premium	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Share Premium	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital redemption	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

M/s. Euro Safety Footwear (India) Pvt. Ltd, BO: IBB, Agra

reserve								
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NET WORTH	3798.47	4619.00	5515.22	6498.63	7743.32	9055.18	10487.52	12012.42
TOTAL LIABILITIES	12158.46	13870.79	14388.20	15156.06	16330.73	17423.13	18647.77	19964.98
ASSETS:	2020	2021	2022	2023	2024	2025	2026	2027
CURRENT ASSETS	Projections	0	0	0	0	0	0	0
Cash and Bank Balances	58.14	66.69	76.82	67.42	74.82	74.94	78.32	83.86
Investments (Other than Long Term)								
(i) Govt. & other securities								
(ii) Fixed deposits with banks	150.00	150.00	525.00	1550.00	2525.00	4025.00	5600.00	7250.00
RECEIVABLES	1940.00	2080.00	2220.00	2430.00	2780.00	2780.00	2780.00	2780.00
Domestic Sales	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Export Recv(Incl. B/P& Disc by banks)	1940.00	2080.00	2220.00	2430.00	2780.00	2780.00	2780.00	2780.00
INVENTORY	4440.00	4440.00	4490.00	4440.00	4590.00	4590.00	4590.00	4590.00
Raw Material - Indigenous	975.20	975.20	986.70	975.20	1009.70	1009.70	1009.70	1009.70
Raw Material - Imported	666.40	666.40	671.90	666.40	682.90	682.90	682.90	682.90
Stock in process	1060.00	1060.00	1072.50	1060.00	1097.50	1097.50	1097.50	1097.50
Finished Goods	1738.40	1738.40	1758.90	1738.40	1799.90	1799.90	1799.90	1799.90
Packing materials	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CI Stock of Traded goods								
Stores & Spares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Advance to suppliers of raw material	600.00	350.00	700.00	700.00	800.00	800.00	800.00	800.00
Other Current Assets:	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(i) Deposits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(ii) Duties & Taxes paid in Advance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iii) Share application money	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iv) Loans and Advances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iv) Others long term deposit	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00
TOTAL CURRENT ASSETS	7488.14	7386.69	8311.82	9487.42	11069.82	12569.94	14148.32	15803.86
FIXED ASSETS								
(i) Gross Block	4150.54	5977.52	5722.17	5314.44	4906.71	4498.98	4091.25	3737.52
Dep	242.15	255.35	407.73	407.73	407.73	407.73	353.73	338.34
Net block	3908.39	5722.17	5314.44	4906.71	4498.98	4091.25	3737.52	3399.19
(ivi) Capital Works in progress								
NET BLOCK	3908.39	5722.17	5314.44	4906.71	4498.98	4091.25	3737.52	3399.19
OTHER NON CURRENT ASSETS								
(i) Investments in Subsidiary companies/ Affiliates	722.19	722.19	722.19	722.19	722.19	722.19	722.19	722.19
(ii) Other Investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iii) Adv to suppl of Cap Goods/Contractors	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iv) Deferred receivables(maturity > 1 year)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(v) Margin money kept with banks.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(vi) Debtors exceeding 6 months	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(vii) Short Term Deposits with Corporate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(viii) Non-consumable stores & spares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(ix) Other Non current	39.74	39.74	39.74	39.74	39.74	39.74	39.74	39.74

KE

