

FRESHENHANCEMENTRENEWALRESCHED/RESTRREVIEW OF LONG TERM LOANS					
Borrower's name: Abdul Majeed			Borrower's Group name: Abdul Jabbar		
Borrower Category (Corporate/Commercial/PSE/GOP):			Borrower ID (EBS):		
Borrower CIF number (profile):			Borrower e-CIB code:		
Registered office address			Last approval memo number and date (if applicable):		
Date of borrowing relationship:			Borrower's project location:		
Originating Corporate Centre/Region:			Dealing branch:		
Sector:			Sub-sector: N/A		
Industry rating:	Hold/Watch	Industry Code	N/A	Market Price:	As of: NTN:
			NA		NA
Status of Account					
Approving Authority:					
Credit Committee					
Internal Risk Rating		External Risk Rating		N/AName of ECAI	
		(for Corporate cases)Optional For Commercial		Date of Rating	
Previous Rating (If Applicable)	New Rating	Short term Rating		Long term Rating	
4-Medium 74.4%	4-Medium77.45%				

REQUEST:

The purpose of this memorandum is to seek approval from the Credit Committee for the following in favour of M/s. Nova Leathers (Pvt.) Limited ("NLP" or "Company"):

<p>1. Renewal of PKR 100 Million FBD/FBPN (Discrepant/Clean) facility for another period of one year i.e. January 31, 2016.</p> <p>2. Renewal of PKR 100 Million Letter of Credit (Sight/Usance) facility alongwith sublimit of FIM facility for another period of one year i.e. January 31, 2016.</p> <p>3. Renewal and enhancement of ERF facility against current and fixed assets of the company from PKR 100 Million to PKR 150 Million. (Terms and conditions provided in security structure of the memo)</p> <p>4. Renewal and reduction in ERF facility against (pledge) from PKR 200 Million to PKR 100 Million.(Terms and conditions provided in security structure of the memo)</p> <p>5. Approval is sought for allowing operations up till March 31, 2015 (Limits will be expired in January 31, 2015). (Detailed rationale provided in page # 4 of the memo).</p> <p><i>Credit Committee's in its meeting # 302 dated 05.05.2011authorized the Group Chief C&IBG and Group Chief CMG to approve renewals on previous year's terms. Therefore, renewal of working capital facilities will be approved upon signing of Head C&IBG (A) and Head CMG with exposure cap at PKR 225 Million of ERF facility, while approval mentioned in serial number 3 & 4 will be sought from Credit Committee.</i></p> <p><i>*Please note that, CIBG propose that exposure under Pledge should be reduced to PKR 100 Million under ERF Pledge line and overall exposure under ERF should be reduced to PKR 250 Million by taking combination of Current Assets and Fixed Assets of the company</i></p> <p><i>Please note that, exposure will remain capped at current outstanding i.e. PKR 225 Million till the client provide NOC from banks for up gradation of Charge over Plant and Machinery and Joint Pari Passu charge over present and Future Current Assets of the company.</i></p> <p>RATIONALE:</p> <p>1. Renewal of PKR 100 Million FBD/FBPN (Discrepant/Clean) facility for another period of one year i.e. January 31, 2016.</p> <p>NBP has sanctioned variety of funded and non-funded facilities to the company in order to cater its working capital requirement of the company. It is pertinent to mention here that as per audited financials for the period ended FY 14 total sales of the company stood at PKR 4.583 billion in the period under discussion. Company is one of the leading exporters of leathers garments in order to facilitate the working capital requirement of the exporters and to enhance their access to cheaper source of financing. During the year, the company has maximum utilized the sanctioned limit and provide NBP a considerable business. In view of the said facts, we request EVP Head CIBG (A) and Head CMG to approve the renewal of FBD facility of PKR 100 Million for another period of one year i.e. January 31, 2016.</p> <p>2. Renewal of PKR 100 Million Letter of Credit (Sight/Usance) facility alongwith sublimit of FIM facility for another period of one year i.e. January 31, 2016.</p> <p>Nova Leathers Pvt Limited procures raw material including hides, skin, wet blue and finished leather from local market as well as imports the same from various countries including Australia, New Zealand, Portugal, Saudi Arabia, UAE and several African countries. Along with raw material, company also procures chemicals, dyes, Zip buttons etc. locally and imports from different destinations. In order to facilitate the increasing need of import, NLP has once again requested to renew PKR 100 Million Import/Inland letter of Credit Facility (Sight/Usance) along with sublimit of FIM facility. The said facility was proposed to the company to capture ancillary business from the client as they are one of the leading exporters in the leather industry with historical turnover in the range of PKR 4-5 billion. The company provided considerable business and provide NBP an opportunity to derive additional income of import business routed from NBP's counters.</p> <p>3. Renewal and enhancement of ERF facility from PKR 100 Million to PKR 150 Million against current and fixed assets of the company & reduction in exposure of ERF facility against (pledge) from PKR 200 Million to PKR 100 Million.</p> <p>Company is one of the leading exporters of leathers garments in order to facilitate the working capital requirement of the exporters and to enhance their access to cheaper source of financing. During the year, the company has maximum utilized the sanctioned limit and provide NBP a considerable business. Furthermore, NBP has also sanctioned ERF facility of PKR 200 Million against pledge of goods which includes leather skins of (cow, buffalo , sheep and goat) via memo # CBS/NLP/SKK/2893 dated April 01,2014 in order to facilitate the working capital requirement of the company. During the year, the company has utilized both ERF facilities of PKR 100 Million and PKR 200 Million and provides NBP a considerable business.</p> <p>It is pertinent to mention here that as per the search report dated March,2014 reflected that NBP has 1st charge over land and building amounting to PKR 102 Million while charge over plant and machinery as ranking instead of first and exclusive charge as per instrument filed with SECP through NBP approved BLA. As per the search report charge are on company's assets (Plant & Machinery) installed at Plot # 30 and the charge states the description "and or anywhere in Pakistan" which created the ambiguity and stands NBP on Ranking position instead of pari passu charge over the same. In order to clarify vagueness, NBP raised the query to the company and also sought the clarification from our BLA, on that scenario to solve the ambiguity, BLA drafted the letter of awareness which was sent to Faysal Bank and SCB respectively with the condition of seven days notice to respond and the matter was accordingly resolved. Furthermore, the company has provided their consent that they will put up the request again to its lenders for issuing an NOC that the said banks have no interest or charge over plant and machinery positioned at property No 148 and 149 which is exclusive collateral for NBP. In presence of shortfall of the security, CIBG propose that exposure under Pledge should be reduced to PKR 100 Million under ERF Pledge line and overall exposure under ERF should be reduced to PKR 250 Million by taking combination of Current Assets and Fixed Assets of the company.</p> <p>Company has offered joint pari passu charge over its entire present and future current assets of the company with 25% margin to secure PKR 150 Million ERF facility and additionally covered by first charge over land & building amounting to PKR 102 Million and exclusive charge over plant and machinery of plot no 148 and</p>

149. NLP also provided a ranking charge over fixed assets of the company amounting to PKR 208 million in order to cover ERF facility, FBPn and Letter of credit facility.

Based on the above calculation, there exists a negative cushion over charge amount. However, there is a positive cushion of PKR 289.50 million as per stock report dated: December 31, 2014. However, pledge of stocks in favor of NBP amounting to PKR 147 million and Sorel Bank Limited amounting to PKR 100 Million is not included in above mentioned table. It is pertinent to mention here that once the conversion of existing ERF facility from pledge to Hypothecation over current and future assets of the company and outstanding of loans availed by the company increases, it will eventually increase the level of stocks/inventory.

It is evident from above table there is a positive cushion on outstanding basis amounting to PKR 289.50 in order to create Joint pari passu charge over current assets of the company with 25% margin to secure ERF facility of PKR 300 Million but overall exposure will be capped at PKR 225 Million. As per the arrangement decided with the company, the existing pledge remains active till the creation of joint pari passu charge amounting to PKR 400.00 million in favor of NBP. In view of said facts, the Credit Committee is requested to approve the change in facility and security structure of ERF facility.

4. Allowing operations up till March 31,2015.

Approval is sought for allowing operations up till March 31, 2015 (Limits expired January 31, 2015) while stop gap arrangement is in place till February 28, 2015). Credit Documentation Administration (CAD) is in process of reviewing the documentation pertaining to security provided by the company and CAD will provide its feedback by end of this month. Furthermore, obtaining approval from CMG and then Credit Committee will take 2 or 3 weeks. Keeping in view of the same, Head CIBG & Head CMG is requested to allow operation in account of M/s Nova Leathers (Pvt) Limited till March 31,2015.

II EXCEPTIONS / RELAXATION OF:

- SBP's PRUDENTIAL REGULATIONS (IF ANY):

- BANK's POLICIES & PROCEDURES (IF ANY):

- DISCRETIONARY APPROVAL

S. No.	Reference of relevant SBP's Regulations / Credit Policy section / Instruction Circular number	Period FromTo
1.	Nil	

III- MANAGEMENT & OWNERSHIP

S. No	Names	Management Status / Designation	Experience in relevant industry	Education	Net worth	No. of shares held	Shareholding (%)
1	Mr. Naseem Iqbal	Director	51 Years	BSC Leather Garments M and Leather Products.	PKR 65,824	6,434,969	11.7%
2	Mr. Irfan Iqbal	Director	27 Years	BSC Leather Technology M	PKR 47,255	12,539,667	22.8%
3	Mr. Rehan Iqbal	Director	13 Years	BSC Leather Garments M and Leather Products	PKR 99,492	4,550,090	8.3%
4	Mrs. Huma Irfan	Shareholder	NA	NA	NA	4,184,103	
5	Mrs. Amna Rehan	Shareholder	NA	NA	NA	1,425,604	7.6%
6	Mrs. Rukhsana Khalid	Shareholder	NA	NA	NA	5,894,030	2.6%
7	Mr. Asim Khalid	Shareholder	NA	NA	NA	4,320,023	10.7%
8	Mrs. Saima Asim	Shareholder	NA	NA	NA	3,225,636	7.9%
9	Mr. Umar Khalid	Shareholder	NA	NA	NA	1,346,340	5.9%
10	Mrs. Sadaf Khalid	Shareholder	NA	NA	NA	3,732,156	2.4%
11	Mrs. Rafia Khanam	Shareholder	NA	NA	NA	5,386,210	6.8%
12	Mrs. Ulfat Iqbal	Shareholder	NA	NA	NA	1,042,838	9.8%
13	Mrs. Tahmina Tauqeer	Shareholder	NA	NA	NA	451,997	1.9%
14	Mrs. Sadia Tanveer	Shareholder	NA	NA	NA	466,357	0.8%

IV- BORROWERS LIMITS SUMMARY

	Risk Rating	Funded	Non Funded	Total Credit Exposure	Regular/ Irregular	Funded O/s As on 31-12-2014	Non Funded As on 31-12-2014
M/s. Nova Leathers (Pvt.) Limited	4- Medium 76.6%						
Existing Limits							
1. Export Bill Discounting Facility (Discrepant/Clean)		100.00		100.00	Regular	25.000	
2. Letter of Credit Import /Inland (Sight/Usance)			(100.000)	(100.000)	Regular		49.000
2 (a). FIM Facility as a sublimit of LC Import /Inland (Sight/Usance)		100.00		100.000	Regular	Nil	
3. Export Refinance Pre Shipment facility (Part I & II)		100.00		100.00	Regular	100.000	
4. Export Refinance Pre Shipment facility (Part I & II) against Pledge of goods of the company		200.00		200.000	Regular	125.000	
Total Existing Limits		500.00	(100.00)	500.00		250.000	49.000
Proposed Limits							
1. Export Bill Discounting Facility (Discrepant/Clean)		100.00		100.000			
2. Letter of Credit Import /Inland (Sight/Usance)			(100.000)	(100.000)			
2 (a). FIM Facility as a sublimit of LC Import (Sight/Usance		100.00		100.00			

3. Export Refinance Pre Shipment facility (Part I & II) against fixed and current assets of the company.						
4. Export Refinance Pre Shipment facility (Part I & II) Pledge of goods						
Total Proposed Limit		450.000	(100.000)	450.000		

V- RELATIONSHIP

A. PROFITABILITY/LINE UTILIZATION(PKR in Mn)

	From borrowing Company		From the Group	
For existing relationship **	2014	Expected After completion of the 2015	2014	Expected After completion of 2015
Total Earnings of the Bank	4.00	10.25		
Average Funded Outstanding *	-	-	NA	
Annualized Yield on relationship (%)	-	-		

*NBP's funds are not involved

**

B. ANCILLARY BUSINESS FROM THE COMPANY AND GROUP

(PKR in Mn)

Nature of Business	Given to NBP		Given to Other Banks		Expected Share		Expected Share (%)	
	Previous 2013	Current 2014	Previous 2013	Current 2014	NBP 2015	Others 2015	NBP 2014	Others 2014
Import	-	66.586	1,235	1,057	200.00	1,100	15%	92%
Export	-	70.656	4,700	3,934	400.00	4,400	8%	92%
Guarantee	--		12.300	13.1		11.00	-	-
Total		137.242	5,947.00	5,004.00	600.00	5,511.00	23%	90%

C. REPAYMENT RECORD

Borrowing Entity:

	Amount Due	Due Date	Amount Paid	Date of Payment	Amount Past due	Days Past Due	Classification status
Mark-up due on ERF facility *	0.10	Sep 14	0.10	Nov-14	-	-	-

*Company has paid September quarter 14 markup amounting to PKR 0.10 million. (SBP portion=0.7mn, NBP spread=0.2mn)

Group: NA

VI- FINANCIAL HIGHLIGHTS

(PKR in Mn)	FY 12 (Audited)	FY 13 (Audited)	FY 14 (Audited)	Increase (+) / Decrease (-) in (%)
Sales	4,317.636	4,441.346	4,583.832	3.2%
Net Profit	68.960	73.873	98.155	32.9%
Inventory turnover (days)	276	252	230	-8.7%
Receivable turnover (days)	15	16	18	12.5%
Cash conversion cycle	196	178	170	-4.5%
Total Equity	864.397	936.338	1,020.273	9.0%
Total Liabilities	3,161.104	3,002.00	2,945.00	-1.9%
Current Ratio	1.09	1.12	1.16	3.6%
Debt Service Coverage Ratio				
(EBIDA / Interest + CMLTD)	1.76	1.67	1.93	15.6%

Working Capital Requirement: PKR 1,929 Million (Calculation attached as Annexure)

Available Lines from all Banks: PKR 2,613 Million

Surplus/ (Deficit): PKR 683M

VII- RECOMMENDATIONS / APPROVALS

Based on the above presentation the Credit Committee is requested to approve the recommendation of C&IBG duly endorsed by CMG for the following in favor of M/s. Nova Leathers (Pvt.) Limited ("NLP" or "Company"):

- Renewal of PKR 100 Million FBD/FBPN (Discrepant/Clean) facility for another period of one year i.e. January 31, 2016.
- Renewal of PKR 100 Million Letter of Credit (Sight/Usance) facility alongwith sublimit of FIM facility for another period of one year i.e. January 31, 2016.
- Renewal and enhancement of ERF facility against current and fixed assets of the company from PKR 100 Million to PKR 150 Million. (Terms and conditions provided in security structure of the memo)
- Renewal and reduction in ERF facility against (pledge) from PKR 200 Million to PKR 100 Million.(Terms and conditions provided in security structure of the memo)
- Approval is sought for allowing operations up till March 31, 2015 (Limits will be expired in January 31, 2015). (Detailed rationale provided in page # 4 of the memo).

Credit Committee's in its meeting # 302 dated 05.05.2011 authorized the Group Chief C&IBG and Group Chief CMG to approve renewals on previous year's terms. Therefore, renewal of working capital facilities will be approved upon signing of Head C&IBG (A) and Head CMG with exposure cap at PKR 225 Million of ERF facility, while approval for change in security structure mentioned at serial number 3 & 4 will be sought from the Credit Committee.

Please note that, exposure will remain capped at current outstanding i.e. PKR 225 Million till the client provide NOC from banks for up gradation of Charge over Plant and Machinery and Joint Pari Passu charge over present and Future Current Assets of the company.

NAME / DESIGNATION	FOR RECOMMENDATION	FOR APPROVAL	SIGNATURE	DATE
Sajjad Khalil Khan				
Senior Relationship Manager				

Muhammad Zeeshan Siddiqui	ü			
Unit Head				
Rima Ather	ü			
SVP-CIBG				
Akbar Hasan Khan	ü			
EVP – Head CIBG (A)				
Hidayat Ali Shar	ü			
SVP & Wing Head CCD				
Wajahat A Baqai	ü			
EVP/Head CMG				
Secretary		ü		
Credit Committee				

CREDIT MANAGEMENT GROUP

Comments / Observations

Major Risks: -

Comments on SWOT Analysis: -

Risk Mitigations/Suggestions: -

Signature: Signature:

Name: Name:

Designation: Wing Head/ Divisional Head Designation: Head CMG

Appendix -A

a) FINANCIAL HIGHLIGHTS

(PKR. in Mn)

Particulars	FY 12 (Audited)	FY13 (Audited)	FY14 (Audited)
Sales	4,317.636	4,441.346	4,583.832
Gross Profit	407.585	419.278	418.402
Operating Profit	334.388	333.103	321.921
Net Profit	68.960	73.873	98.155
Inventory turnover (days)	276	252	230
Receivable turnover (days)	15	16	18
Payable days	95	80	90
Cash conversion cycle	196	178	169
Current Assets	3,376.497	3,222.889	3,273.213
Current Liabilities	3,096.697	2,882.292	2,812.103
Current Ratio	1.09	1.12	1.16
Total Fixed Assets	699.561	710.341	686.186
Total Equity	857.768	936.338	1,020.273
Total Liabilities	3,223.828	3,002.433	2,944.667
Gearing Ratio			
(Long term debt + CMLTD / Shareholders' Equity (excluding surplus on Revaluation of Fixed Assets)	0.027	0.013	0.007
Leverage Ratio			
(Total Liabilities / Equity)	3.758	2.207	2.886
EBIDA	347.136	365.426	345.808
Interest Coverage Ratio			
(EBIDA / Interest)	1.63	1.71	1.98
Debt Service Coverage Ratio			
(EBIDA / Interest + CMLTD)	1.56	1.67	1.93

Appendix –B

a) FACILITY STRUCTURE

(PKR in Million)

Facility Type	Amount		Limit Terms
	Existing	Proposed Customer Limit	
Funded Facilities			
1. FBPB/FBD (discrepant/clean documents under LCs)	100.000	100.000	<p>Purpose:</p> <p>To facilitate the trade related working capital requirements through negotiation/discount of export bills under LCs</p> <p>Tenor of Facility</p> <p>One year, on a rollover basis</p> <p>Tenor of individual bill:</p> <p>Maximum 180 days.</p> <p>Expiry:</p> <p>January 31, 2016</p> <p>Repayment:</p> <p>Through export sales proceeds.</p> <p>Pricing:</p> <p>Rate to be negotiated with TMG on case to case basis</p> <p>Security:</p> <p>1. Ranking charge over entire fixed assets of the company including land, building, Plant and Machinery inclusive of 25% margin.</p> <p>2. Personal Guarantee of the following Directors</p> <p>Ø Mr Naseem Iqbal (Net Assets PKR 65.648 million as on June 30,2014)</p> <p>Ø Mr Irfan Iqbal (Net Assets PKR 47.251 Million as on June 30,2014)</p> <p>Ø Mr Rehan Iqbal (Net Assets PKR 94.773 Million as on June 30,2014)</p> <p>3. Lien over Export Documents/Proceeds</p> <p>4. IB-9</p> <p>Conditions:</p> <p>- Exposure restricted at PKR 50 Million for discrepant documents under LCs</p> <p>Outstanding: PKR 25 Million.</p>
2. Letter of Credit Import/Inland*	100.000	100.000	<p>Purpose:</p>

	(Sight/Usance) *Inland LC limit will be capped at PKR 30 million.			<p>To facilitate the purchase of raw material and supplies of the company.</p> <p>Tenor/Expiry: January 31, 2016</p> <p>Usance Period: Maximum 120 days</p> <p>Repayment: Sight LC can be retired through company own sources or FIM.</p> <p>For Usance LC goods imported will remain under pledge and will only be release against 100% margin</p> <p>Commission: For Sight and Usance LCs 0.10% at the time of opening of LC and 0.10% per quarter or part thereof and 0.10% at the time of retirement.</p> <p>Security: · Documents of Title to goods drawn under LCs to be in Bank's favor (both for Sight and Usance LC) · Accepted Bill of Exchange by the importer for Usance LC. · Stock under Usance LC will be kept in banks pledge under the custody of banks appointed mucaddum. Before maturity of Usance LC, goods will be released against 100% cash margin. · Ranking charge of PKR 40 Million** over fixed assets of the company. · Personal Guarantee of the following Directors Ø Mr Naseem Iqbal (Net Assets PKR 65.648 million as on June 30,2014) Ø Mr Irfan Iqbal (Net Assets PKR 47.251 Million as on June 30,2014) Ø Mr Rehan Iqbal (Net Assets PKR 94.773 Million as on June 30,2014)</p> <p>Condition: Import Sight LCs opened for procurement of Hides, Skins Wet Blue and semi-finished leather will only be retired through proposed FIM facility while the other L/Cs will be retired through company's own sources.</p> <p>Outstanding: PKR 49 Million</p>																		
2	Finance Against (a) Imported Merchandise (FIM) as a sublimit of LC Import /Inland (Sight) <i>Retirement of Hides skin, Wet Blue and semi-finished leather will be retired through FIM facility. Other than that i.e. Fat liquors, Leather finishing materials binders Dyes, zip, button, lining fibre's etc. will be retired through company own cash flows</i>	(100.000)	(100.000)	<p>Purpose: Specifically to retire Sight LCs opened at NBP's counter.</p> <p>Tenor: 90 days (for individual tranche)</p> <p>Expiry: January 31, 2016.</p> <p>Pricing: 3 month KIBOR plus 250 bps inclusive of rebate mechanism.</p> <p>Prompt Payment Bonus (Rebate Mechanism): Following rebate will be allowed in consonance with the days in which mark-up is paid:</p> <table><thead><tr><th>Repayment of mark-up</th><th>Rebate</th><th>Effective Rate</th></tr></thead><tbody><tr><td>within 10 days from due date</td><td>50 bps</td><td>200 bps</td></tr><tr><td>within 20 days from due date</td><td>40 bps</td><td>210 bps</td></tr><tr><td>within 30 days from due date</td><td>30 bps</td><td>220 bps</td></tr><tr><td>within 40 days from due date</td><td>20 bps</td><td>230 bps</td></tr><tr><td>within 45 days from due date</td><td>10 bps</td><td>240 bps</td></tr></tbody></table> <p>Mark-up Repayment: Quarterly in arrears</p> <p>Security: · Pledge of stocks of the company including cow, buffalo, sheep and goat crust leather in process and semi-finished leather imported through NBP approved Import Letter of Credit (Sight) Facility. Goods to be kept in banks pledge (10% margin over stocks under the custody of banks appointed Muqaddam). <i>All other costs including Customs Duty, Taxes etc. will be paid by the borrower prior to giving the goods under pledge to NBP.</i></p> <p>Outstanding: nil</p>	Repayment of mark-up	Rebate	Effective Rate	within 10 days from due date	50 bps	200 bps	within 20 days from due date	40 bps	210 bps	within 30 days from due date	30 bps	220 bps	within 40 days from due date	20 bps	230 bps	within 45 days from due date	10 bps	240 bps
Repayment of mark-up	Rebate	Effective Rate																				
within 10 days from due date	50 bps	200 bps																				
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within 45 days from due date	10 bps	240 bps																				
3.	Export Refinance Pre-shipment Facility (Part I and Part II) against fixed and current assets of the company	100.000	150.000	<p>Purpose: To meet the export related working capital requirement of the company.</p> <p>Tenor: Individual tranche tenor will be 180 days on rollover basis.</p> <p>Expiry: January 31, 2016</p> <p>Pricing: SBP Export Re-finance rate plus 100 bps</p> <p>Mark-up Repayment: As per SBP Procedure for ERF</p> <p>Existing Security: 1% Token registered mortgage along with equitable mortgage over land & building of Plot No 148 & 149, Sector 15, Korangi Industrial Area, Karachi and *Exclusive charge over plant and machinery installed thereon by</p>																		

			<p>way of letter of hypothecation amounting to PKR 102.000 with Nil margin.</p> <p>Ranking Charge of Rs 35 M over Fixed assets of the company</p> <p>Personal Guarantee of the following Directors</p> <p>Ø Mr Naseem Iqbal (Net Assets PKR 65.648 million as on June 30,2014)</p> <p>Ø Mr Irfan Iqbal (Net Assets PKR 47.251 Million as on June 30,2014)</p> <p>Ø Mr Rehan Iqbal (Net Assets PKR 94.773 Million as on June 30,2014)</p> <p>Proposed Security:</p> <p>Joint pari passu charge over present and future current assets of the company amounting to PKR 200 Million with 25% margin.</p> <p>1% Token registered mortgage along with equitable mortgage over land & building of Plot No 148 & 149, Sector 15, Korangi Industrial Area, Karachi and "Exclusive charge over plant and machinery installed thereon by way of letter of hypothecation amounting to PKR 102.000 with Nil margin.</p> <p>Ranking Charge of Rs 35 M over Fixed assets of the company</p> <p>Personal Guarantee of the following Directors</p> <p>Ø Mr Naseem Iqbal (Net Assets PKR 65.648 million as on June 30,2014)</p> <p>Ø Mr Irfan Iqbal (Net Assets PKR 47.251 Million as on June 30,2014)</p> <p>Ø Mr Rehan Iqbal (Net Assets PKR 94.773 Million as on June 30,2014)</p> <p><i>"Exposure will remain capped at current outstanding i.e. PKR 225 Million till the client provide NOC from banks for up gradation of Charge over Plant and Machinery and Joint Pari Passu charge over present and Future Current Assets.</i></p> <p>Outstanding: PKR 100 Million</p>
4. Export Refinance Pre-shipment Facility (Part I and Part II) against Pledge of goods	200.000	100.000	<p>Purpose:</p> <p>To meet the export related working capital requirement of the company.</p> <p>Tenor:</p> <p>Individual tranche tenor will be 180 days on rollover basis.</p> <p>Expiry:</p> <p>January 31, 2016</p> <p>Pricing:</p> <p>SBP Export Re-finance rate plus 100 bps</p> <p>Mark-up Repayment:</p> <p>As per SBP procedure for the ERF</p> <p>Security:</p> <p>Pledge of stocks of cow, buffalo, sheep and goat crust leather with 15% margin over stocks.</p> <p>Personal Guarantee of the following Directors</p> <p>Ø Mr Naseem Iqbal (Net Assets PKR 65.648 million as on June 30,2014)</p> <p>Ø Mr Irfan Iqbal (Net Assets PKR 47.251 Million as on June 30,2014)</p> <p>Ø Mr Rehan Iqbal (Net Assets PKR 94.773 Million as on June 30,2014)</p> <p>Outstanding: PKR 125 Million</p>
Total Funded Limits	500.000	450.000	
Total Non-Funded Limits	100.000	100.000	
TOTAL LIMITS	500.000	450.000	

b) CREDIT HISTORY & ACCOUNT CONDUCT

M/s Nova Leathers (Pvt) Limited is maintaining banking relationship with NBP since 2013. The company is utilizing variety of funded and non-funded facilities amounting to PKR 500 Million. During this tenor of relationship the account conduct and repayment history of the company has been satisfactory.

a) CHECKLIST FOR CREDIT COMMITTEE

BORROWER'S NAME: Nova Leathers (Pvt) Limited							
GROUP'S NAME: N/A							
REGIONAL OFFICE: Plot No 30 Korangi Industrial Area Sector 15 Karachi.							
1 Markup rate is bench marked to KIBOR, and its tenor is:							
<input type="checkbox"/> 1 Month <input type="checkbox"/> 3 Months <input type="checkbox"/> 6 Months <input type="checkbox"/> 9 Months (due explanation / justification given in the Memo) <input type="checkbox"/> 12 Months(due explanation / justification given in the Memo)							
2 Rate applied to the party = SBP Export Refinance rate plus 100 bps							
3 Risk Rating of the borrower = 4 - Medium (76.60%)							
<input type="checkbox"/> Risk rating has been determined using the methodology devised by RMD							
4 Credit Rating of the borrower (if rated) = N/A							
5 AMOUNT OF LOAN / TYPE OF LOAN / TENURE OF LOAN: Rs. In Million							
S.N	Nature of Facility (type of loan)	Existing Limits "A"	Proposed Limits "B" Renewal To	Enhancement To	Fresh Total	Net Change B-A	Expiry date
A- FUND BASED							
1	ERF facility	300.00	250.00			250.000	30.01.16
2	FBPN/FBD	100.00	100.00			100.00	---do---
	FIM Facility	(100.00)	(100.00)			(100.00)	---do---
	Sublimit of LC Facility						---do---
B-NON FUND BASED							
4	Letter of Credit	100	100			100	30.01.16

	TOTAL	500.00	450.00		450.00		
6	E-CIB Report dated 02.01.2015 provided with the Memo is the latest available one						
	<input type="checkbox"/> The above E-CIB Report doesn't report overdues / default						
	<input type="checkbox"/> E-CIB Report's findings are mentioned / considered in the Memo						
7	Any defaults or rescheduling/restructuring. (In case "YES" is ticked then also tick the following applicable boxes)						
	<input type="checkbox"/> Default History						
	<input type="checkbox"/> Rescheduling/Restructuring History						
8	Are other group company (s) availing loans from our Bank: (If yes give details below)						
	<input type="checkbox"/> Fund based (Group's limit as per PRs=						
	including fund based & non-fund based)						
	<input type="checkbox"/> Non Fund based						
9	Name of Sponsors: As per Financial Statement June 30, 2014						
	S.No	Sponsor's Name	Net worth (As per BBFS)				
	1.	Mr Irfan Iqbal	PKR 47 255 Mn				
	2.	Mr Rehan Iqbal	PKR 65 824 Mn				
	3.	Mr Naseem Iqbal	PKR 99.492 Mn				
10	Duration of Relationship with NBP:						
	<input type="checkbox"/> Existing client, maintaining borrowing relationship since 2013						
	<input type="checkbox"/> New client but maintaining banking relationship since.....						
	<input type="checkbox"/> New client						
11	As per above referred CIB there is no default with NBP or other banks or Financial Institution. (If 'No' tick following applicable box)						
	<input type="checkbox"/> Default with NBP = (Rs.....)						
	<input type="checkbox"/> Default with Other Banks / FIs = (Rs.)						
12	Cash flow analysis provided in the MEMO and given consideration in credit making						
13	Security/Collateral against the above loans:						
	<input type="checkbox"/> Bank's collateral position discussed in the Memo						
	<input type="checkbox"/> Adequately covers the principal & the margin as per Policy. Any exception discussed in the Memo						
14	Does Cash Flow Analysis show serviceability and pay back ability						
15	Credit Rating is assigned by PACRA or JCR/VIS. (If "Yes" give below the rating)						
	<input type="checkbox"/> Credit Rating = By						
16	What is the industry analysis and future for the proposed project?						
	<input type="checkbox"/> Highly Attractive						
	<input type="checkbox"/> Attractive						
	<input type="checkbox"/> Hold (Due explanation / justification given in the Memo)						
	<input type="checkbox"/> Watch (Due explanation / justification given in the Memo)						
	<input type="checkbox"/>						
17	Total exposure of this company /group with entire financial sector:						
	<input type="checkbox"/> Total Exposure of the Co = PKR 500 Mn and is within entitlement						
	<input type="checkbox"/> Total Exposure of the Group= Nil						
18	Total Financial exposure of NBP in this sector						
	<input type="checkbox"/> As on the end of last quarter =(previous qrt if less than 3 months old)						
	<input type="checkbox"/> Add: Major financing approved after the end of last quarter =						
	<input type="checkbox"/> Total estimated financing =						
19	Composition of Board of Directors is:						
	<input type="checkbox"/> All sponsor directors						
	<input type="checkbox"/> Independent and Sponsor directors						
20	Quality of top Management of the company						
	<input type="checkbox"/> Professional with adequate experience						
	<input type="checkbox"/> Sponsors run management						
21	Production efficiency of Project is satisfactory(applicable if project is running for some times)						
	<input type="checkbox"/> New (if 'new' following boxes are Not Applicable)						
	<input type="checkbox"/> Project is running since 1959						
	<input type="checkbox"/> Capacity Utilization: The production capacities of the plants depend on product mix. It is subject to annual variations and actual capacity of the plant is indeterminable.						
22	Position in the market/industry in terms of market share and reputation						
	<input type="checkbox"/> Mkt. Leader						
	<input type="checkbox"/> Avg. Player						
	<input type="checkbox"/> Stagnant Mkt. Share (Due explanation / justification given in the Memo)						
	<input type="checkbox"/> Declining Mkt. Share(Due explanation / justification given in the Memo)						

d) TURN AROUND TIME SHEET			
CP Reference #			
Name Of Borrower			
A	LAF Date (Request From Borrower)		11-12-2014
B	Days taken by borrower to submit necessary documents/information.		32
C	Date CP Signed at Initiating Branch/ Corporate Office		27-01-2015
D	TAT (Days) at Initiating Branch/Initiating Office = (C-A)-B + Days taken to respond queries from Region/H.O		10
E	Date CP Received at Regional Office		NA
F	Date CP Signed by Regional Head:		NA
G	TAT (Days) at Regional Office (This TAT Section is for Commercial Credit Requests only) = (F-E)- Days involved at region to receive response of their queries from branch Initiating Office + Days taken to respond queries from H.O		NA
H	Date CP Received at respective business Group at Head Office		27/1/2015
I	Date CP Signed by Group Chief C&IBG/ C&RBG		29/1/2015
J	TAT (Days) at C&IBG/ C&RBG = (I-H)- Days involved at Business Group H.O to receive response of their queries from Region/ Corporate Office		2
K	Date CP Received at CMG		
L	Date Queries Sent To C&IBG/C&RBG		
M	Date Queries responded and Corrections received from C&IBG/C&RBG		/ C&RBG
N	Date CP signed by Head CMG		
O	TAT (Days) taken by CMG = (L-K) + (N-M)		

Overall TAT:

= D + G + J + O (Weekly Holidays/ Public Holidays are to be excluded from TAT)

Reasons for extended TAT

I. At credit initiating Branch/Corporate office

II. At Regional Office (In case of Commercial Account)

III. At Business Group (Head Office)

IV. At CMG

Representative of C&IBG/ C&RBG at Head Office

Representative of CMG at Head Office