

भारत में स्थित सभी शाखाओं/ कार्यालयों के लिए परिपत्र

एमएसएमई बैंकिंग विभाग द्वारा जारी

महोदय/ महोदया,

विषय: बड़ौदा प्रीमियम एलएपी- एफएक्यू

बड़ौदा प्रीमियम एलएपी के संशोधित दिशानिर्देश परिपत्र संख्या बीसीसी बीआर.114:776 दिनांक 15.11.2022 के माध्यम से जारी किए गए हैं। परिचालन इकाइयों से प्राप्त फीडबैक के आधार पर उपर्युक्त परिपत्र के संबंध में अक्सर पूछे जाने वाले प्रश्न (एफएक्यूएस) को **अनुलग्नक-ए** के रूप में संलग्न किया गया है।

बड़ौदा प्रॉपर्टी प्राइड एवं बड़ौदा प्रीमियम एलएपी के तहत वित्त वर्ष 2022-23, वित्त वर्ष 2023-24 और वित्त वर्ष 2024-25 की समाप्ति तक संयुक्त लक्ष्य (संचयी बकाया राशि) क्रमशः रु.12000 करोड़ रु. 15000 करोड़ और रु.19000 करोड़ निर्धारित किया गया है। हमें विश्वास है कि संशोधित दिशानिर्देश और अक्सर पूछे जाने वाले प्रश्न परिचालन इकाइयों को आबंटित लक्ष्यों को हासिल करने में सहायक होंगे। हमारे शीर्ष प्रबंधन द्वारा इस योजना के तहत कार्यनिष्पादन की निगरानी पाक्षिक आधार पर की जा रही है।

हम आपके सफल प्रयासों हेतु शुभकामनाएं देते हैं।

भवदीय,

हस्ता/-

(ध्रुवाशीष भट्टाचार्य)

प्रमुख-एमएसएमई बैंकिंग

संलग्न: अनुलग्नक-ए

CIRCULAR TO ALL BRANCHES / OFFICES IN INDIA

ISSUED BY MSME BANKING DEPARTMENT

Dear Sir/Madam


Re: Baroda Premium LAP – FAQs

The revised guidelines of 'Baroda Premium LAP' has been introduced vide circular no. BCC:BR:114:776 dated 15.11.2022. Based on the feedback from operating units, kindly find the Frequently Asked Questions (FAQs) regarding to the above mentioned circular as **Annexure –A**.

The combined target (cumulative outstanding amount) under Baroda Property Pride & Baroda Premium LAP as Rs. 12000 crores, Rs. 15000 crores and Rs. 19000 crores by the end of FY 2022-23, FY 2023-24 and FY 2024-25 respectively. It is expected that the revised guidelines and FAQs shall facilitate operating units to achieve the allocated targets. The performance under this scheme is being monitored by our Top Management, on fortnightly basis.

We wish you the best in your endeavour.

Yours faithfully,


Dhрубashish Bhattacharya
Head, MSME Banking

Encl. Annexure-A




<SUDHIR. MENON>

ANNEXURE –A: FAQ to Baroda Premium LAP

1. The Borrowing Company is offering the collateral property in the name of the Holding Company and is also offering Corporate Guarantee and Personal Guarantee of all the Directors in lieu of LAP proposed to Borrowing Company. In this case, can we extend finance under this scheme?

Reply: With reference to the above mentioned, please take note of the following:

- Since the proposed property is in the name of the Holding Company, then it is to be satisfied and ensured that Majority Stakeholders (preferably all) in the Holding Company are common in the Borrowing Company as well.
- Further it is to be ensured that Corporate Guarantee of the Mortgagor Company is obtained.

2. As per LAP circular no. BCC:BR:114:776 dated 15.11.2022 (page No. 10, S. no. 34) :

“Sanctioning Authority:

Loans will be sanctioned on standalone basis within the respective DLPs as per Bank guidelines”.

For existing borrowers, who requests for new term loan under the said scheme, whether the proposal fall under the DLP of respective sanctioning authority without linking existing exposure of the borrower/existing group exposure of the borrower?

Reply: For arriving at DLP, the borrower exposure is to be considered, not group exposure.

Here, Borrower’s exposure = (Existing exposure of borrower + Proposed exposure of borrower).

Hence, it is clarified that the DLP for standalone sanction is not facility-wise but borrower-wise. For example, if an existing borrower have an exposure of Rs. 20 crores and approaches for a fresh limit of Rs. 5 crores under this scheme, then the authority having DLP of Rs. 25 crores can consider this proposal (following DLP Guidelines of Bank, as updated from time to time).

3. Kindly clarify, whether the benefits of MSME Mahotsav Campaign can be passed to new sanctions under Baroda Premium LAP Scheme.

Reply: Baroda Premium LAP is not covered under Mahotsav Campaign at present.

4. While calculating DE Ratio for Proprietary Concern, if the firm has availed Unsecured Loan from close relatives of Proprietor, whether these can be treated as part of Quasi Equity?

Reply: As mentioned in the product guidelines, Unsecured Loans from Promoters only to be considered as a part of quasi-equity.

5. If such Unsecured Loans (USL) are interest bearing but ROI on USL is below ROI on proposed LAP, whether these can be treated as part of USL? (As per aforementioned circular the USL should be from Promoter and should not be interest bearing)

Reply: As mentioned in the product guidelines, Interest free only Unsecured Loans only to be considered as a part of unsecured loans.



6. While calculating DE Ratio whether Total Debt means Total Liabilities including Proposed LAP loan limit?

Reply: Here, the Total Debt is Debt as per last ABS. This shall not include the proposed loan limit under Baroda Premium LAP.

7. How minimum Post funded DSCR as per last Audited Balance sheet to be calculated. Here we are calculating Repayment Capacity of the borrower. Repayment capacity to be calculated only post funding.

Reply: As per Baroda premium LAP scheme, post funded DSCR is to be calculated based on the last financials covering the cash accruals and obligations. Also, proposed obligations are also to be added while calculating post funded DSCR considering other financials as per last balance sheet. Please note that this is not a forward looking DSCR.

8. If any cash credit / overdraft facility is not showing in Last Audited balance Sheet and sanctioned later / or being sanctioned along with LAP facility , whether interest over the said cash credit / overdraft facility will be part of Interest on Bank CC / OD, to be calculated while assessing Total Debt Service for DSCR under Balance Sheet method.

Reply: Interest over the said cash credit / overdraft facility will be considered while assessing DSCR under Balance Sheet method.

9. If any credit facility in the name of proprietor is not showing in Balance Sheet of the firm but showing in the Credit Bureau report of the proprietor, whether interest being paid on these facility and EMI of the loans will be considered while assessing the DSCR under Balance Sheet method.

Reply: Credit facilities shown in Balance Sheet to be considered while assessing DSCR under Balance Sheet method.

10. As per S.no. 18 of aforementioned circular -2- valuations are required in all cases, while as per circular no. BCC:BR:104:694 dated 14.10.2022 two valuation are required if the valuation of property is above Rs.2 Crs / 5 Crs depending on the type of property. Please clarify whether 2 valuations are required in LAP in all cases?

Reply: As mentioned in the product guidelines, 2 valuations to be carried out per property.

11. Please clarify whether EMI of existing BGECL facility is to be considered while computing DSCR of proposed LAP.

Reply: The EMI of existing BGECL facility is to be considered while computing DSCR for proposed limit under Baroda Premium LAP.

12. Can a property which is acquired by the applicant (Proposed Mortgager/guarantor) through transfer deed be considered for collateral security?

Reply: Yes, it can be considered. However, for valuation purpose, Sales Deed value or Market Value, as the case may be, is to be considered.



13. The Property which is proposed for mortgage is a Farm House (Non-Agriculture). Can it be accepted as security in proposed limit under this Scheme?

Reply: If the property proposed for mortgage is Farm House (Non-Agriculture), then the same can be allowed as security under this scheme, subject to the following:

- The legal Opinion is to be satisfied upon.
- The legal opinion of the said property should not have any restrictive clause.
- The SARFAESI Act is enforceable on the property.
- All other terms with regards to property satisfaction (such as Vacant Land and others) and valuation satisfaction is complied with and satisfied upon.

14. Can we sanction loan for purpose of purchase of plot and construction thereof for shop? Further, can we secure the loan with the Plot of Land as collateral security?

Reply: The loan may be sanctioned for the purpose of Construction of the Shop but not for the purpose of purchase of plot. Under the parameter "Security" it is mentioned that "Plot of land of any nature is not to be considered".

15. Whether ratios based on financial projections are to be considered for sanction of loan under this scheme?

Reply: No, all ratios & financials as per last ABS/ PBS only to be considered.

16. Whether any ratio other than DSCR and DE Ratio to be considered for sanction of loan under this scheme?

Reply: As per scheme guidelines, only DSCR & DE Ratio is to be considered.

17. In 'Bureau Check' parameter, the acceptable score cut off for CRIF is mentioned as 631. Whether this score is Consumer Bureau Score or Commercial Bureau Score?

Reply: The acceptable cut off score for Consumer CRIF Score as well as Commercial CRIF Score is 631.

18. A borrower wants to purchase a commercial property of Rs.3 crores and has requested for loan of Rs. 2 crores under this scheme and the balance amount will be promoter's margin. Further, the same property is proposed to be mortgaged as only security.

Whether 'property offered for mortgage as security' and 'property proposed to be purchased' can be same?

Reply: 'Property offered for mortgage as security' and 'property proposed to be purchased' can be same as long as it satisfies the criteria laid out in 'Security' Parameter (Page 6 & 7 of the circular).

19. Whether disbursement of loan can be done for purchase of office or shop in favor of seller of property for execution of sale deed i.e. before creation of mortgage in Bank's favor. Because in this case mortgage will be created after execution of sale deed. Further, can we also provide time for security creation & perfection?



Reply: The disbursement of Loan and execution of sale deed may be done simultaneously. However, with respect to the time required for security creation and perfection, Bank guidelines are to be followed.

20. Can the Property/ies collateralized under the BP LAP be extended as security for other facilities sanctioned to the same Borrower?

Reply: Property/ies collateralized under the BP LAP can be extended as security for other facilities sanctioned to the same Borrower **without any value consideration.**

21. BP-LAP (Product B) Loan Assessment.

Reply:

BP-LAP (Product B) Loan Assessment	
Components	Value taken for Example
Average Monthly Balance (A)	1,00,000
Summation of EMIs of Loan Taken in Last 6 Months (B)	
Car Loan (B.1)	10,000
Personal Loan (B.2)	25,000
Summation of EMIs (B.1) + (B.2) = (C)	35,000
50% of {(A) - (C)} = (D)	32,500
EMI Calculator Formula	
$EMI = P * r * (1 + r)^n / (((1 + r)^n) - 1)$	
(P) Principal - Fixed as we need to calculate EMI per Lac	1,00,000
(r) Rate of Interest / 1200 - As per the Negotiations with Borrower	0.01*
(n) Tenure in Months - As per the Negotiations with Borrower	180
EMI per Lac (E)	1075
Loan Assessment [(D) / (E)] in Lacs	30

*if ROI is 10%, then "r" = 10/1200 i.e. 0.01

Note: Final Assessment will be the value calculated above or Rs.2.50 Crores, whichever is less

Assessment Excel Sheet "Product B Loan Assessment Revised (1)" is available in Intranet and path is as follows: BCC > MSME > Documents > Resources > BP LAP 07022023

Note: Product is designed keeping the portfolio risk in view, not the individual cases. Hence it cannot be changed for any specific case. However, there is a window of deviation from COCC-ED. In case, the Zone / Region / Branches / SME Units feels to recommend such proposals, they may discuss with the Credit Team at BCC and proceed accordingly.

