

PROCEDURE FOR BORROWINGS:

1. Trust looks to bonds and commercial borrowings through banks as distinct sources of raising funds.
2. In both the cases, financial requirements are worked out on the basis of cost of projects indicated by the Government through their orders or Administrative Departments through specific projects.
3. The project appraisal is through Financial Advisors or Transaction Advisors, whose selection is based on the guidelines of KTPP Act. Based on the such project appraisal, an appropriate method of raising borrowing is finalized, i.e. either through Bonds or Commercial borrowings.
4. In order to get better response from the market, the borrowing usually is rated through rating agency designated for this purpose (like ICRA, CRISIL etc.).
5. Along with rating and the project report prepared by the consultants the following two alternative routes are taken:

Bonds:

- i. Merchant Banker is appointed after following the guidelines of The Karnataka Transparency in Public Procurement (KTPP) Act.
- ii. Time schedule for raising money in consultation with Merchant Banker is drawn up.

- iii. Application for approval under SEBI is obtained wherever necessary.
- iv. Trust and Retention Agency is appointed to Act on behalf of the Bond holders. Documents creating security in favour of Trust and Retention agency executed.
- v. The amount raised through bonds are put in an Escrow Account and disbursed in accordance with the requirement of the projects.

Commercial Borrowings:

- i. In commercial borrowings, after the rating of the borrowings, bids are called for from commercial banks after outlining the basis of the scheme inviting quote for the lending rates.
- ii. Lowest rate is selected; the formal proposal is submitted to the bank seeking conversion of expression of interest into sanction (3 months limitation).
- iii. Formal sanction obtained from bank is put up for the approval of the Trust.
- iv. After the approval is taken, documents executed in favour of lenders and amount borrowed is disbursed to the Implementing Agency.

Executive Director- Trust & Megacity