

## Relstruct Group, Mumbai – Residential Development

<b>Developer Group</b>	Relstruct Group
<b>Company</b>	Relstruct Dream homes Private Limited
<b>Project</b>	Anand Tower, Tilak Nagar and Hill View, Chembur
<b>Location</b>	Tilak Nagar / Chembur
<b>Type</b>	Residential Development
<b>Project Overview</b>	<ul style="list-style-type: none"> <li>• <b>Hill View</b> is a slum redevelopment project in Chembur. The project comprises three rehab wings and one sale wing with a saleable area of 2.44 lakh sq ft. Two rehab towers have been fully completed and handed over.</li> <li>• <b>Anand Tower</b> is a MHADA redevelopment project being undertaken at Tilak Nagar in Mumbai comprising two rehab wings and one sale wing with a saleable area of 1.11 lakh sq ft across 1 and 2 BHKs and shops at the ground level.</li> </ul>
<b>Current total Investment</b>	INR 25cr
<b>Principal Outstanding</b>	INR 25cr
<b>Investment Structure</b>	Investment in NCDs
<b>Details of purchase and sale during the year</b>	Nil
<b>Beneficial interest received during the year in form of interest, dividend, bonus, shares, right shares etc</b>	Nil
<b>Expenses incurred in managing the portfolio</b>	Nil
<b>Details of risk foreseen by the portfolio manager for investment or disinvestment</b>	As per contribution agreement
<b>Default in payment of coupon or any other default</b>	Yes
<b>Details of commission paid to distributors</b>	Nil
<b>Security</b>	<ul style="list-style-type: none"> <li>• Mortgage of development rights of both projects</li> <li>• Personal guarantee of promoters of the SPV</li> <li>• Pledge of 100% shares of the SPV</li> </ul>
<b>Investment Date</b>	June 2017
<b>Tenure</b>	36 months
<b>Transaction Overview</b>	<ul style="list-style-type: none"> <li>• Investment with the Relstruct Group for two ongoing projects in Chembur and Tilak Nagar.</li> <li>• The investment is in a structured debt format through Non-Convertible Debentures for a tenure of 36 months</li> </ul>
<b>Project Status</b>	<p>The promoter who was not available since December 2018 due to the ongoing investigation (in relation to his other project) has also resumed work in November 2020. The Fund has initiated the process to take stock of the status of the projects from him,</p> <p><b>Anand Tower</b> Based on preliminary information provided by the developer, the project is in the last leg of completion and application for the Occupancy Certificate ("OC") will be made soon. Basis our discussion and according to the preliminary information provided by the developer delay in project execution and promoter not being available for almost 2 years has led to cost escalations in the project. We have sought further details and clarification on the project details which is yet to be made available to us.</p> <p><b>Hillview</b></p> <ul style="list-style-type: none"> <li>• We are still awaiting the updated project status from</li> </ul>

the developer. On the basis of information made available to us till date, the developer has cast till the 26<sup>th</sup> slab which is the full potential under the current commencement certificate. Two out of the three rehab buildings are fully complete and have been handed over. All the slabs have been cast for the third rehab building. The project is fully sold except for one flat. Though the collections from customers have completely dried up, the construction is being undertaken through funding from the project construction contractor, albeit at a slow pace. As a result, the project has been delayed in comparison to the timelines set in the business plan.

- The developer has represented that it is in advanced stages of obtaining the revised letter of intent (“LOI”). However, the lockdown has impacted the approval process timeline.
- The increased FSI is expected to increase the sale component potential of the project.
- In view of the default in interest and principal payments, the Fund has recalled the entire investment amount requiring the developer and promoters to repay the entire investment amount along with interest.
- In the light of above developments, the Fund has stopped accruing interest on NCDs from April 2019.

#### **Legal and Regulatory Update**

- One of the promoters of the company (through another firm) had developed another residential project at Tilak Nagar, where a fire broke out. Investigation in the matter is currently ongoing. The Fund’s investee company has no involvement in that project. However, because of the ongoing investigation against the Promoter, the pace of the work at Anand Tower and Hill View was largely constrained. The Promoter of the company has now resumed work on both the projects which had earlier slowed down due to the ongoing investigation
- Event of Default (EOD) as per DTD was invoked and EOD notice was sent in April 2019 and a follow up EOD notice in August 2019
- Subsequently a Recall Notice for redemption of all debentures was sent in October 2019
- A notice invoking the personal guarantee provided by the promoters of Relstruct was sent in March 2020. After the Covid-related restrictions ease, the Fund shall initiate further legal proceedings, if required
- There has been a delay from the developer in sharing the required information. The Fund has sent a notice to the Company to expedite the sharing of information in January 2021.
- Further, on the basis of preliminary information shared by the developer, we have noticed irregularities in the handling of the project cashflows and deviations from the business plan agreed in the DTD. Clarifications on all these points have been sought from the promoter but we are yet to receive explanations for all the points raised. Hence a legal notice was sent to initiate criminal action against the promoters and company in March 2021.
- Commercial suit was filed in the Mumbai High Court on

	<p>29th November, 2021. The Court, on 26th February 2022, has passed an order in the captioned Interim Application directing the Promoters to disclose all their assets and maintain status quo in respect of the mortgaged projects, receivables and their personal assets.</p>
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