

RAJASTHAN FINANCIAL CORPORATION
(GOOD BORROWER DIVISION)

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TILAK MARG,
JAIPUR.**

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CIRCULAR

Reg : Flexi loan scheme for Good Borrowers

The Corporation has launched various schemes for its existing good borrowers depending on their needs. Looking to persistent demand of good borrowers, to have flexibility in loan scheme in which they can withdraw and deposit the amount as per their need and convenience for creation of fixed assets or working capital, a unique scheme named “Flexi loan scheme for good Borrowers” have been approved by the Board of Directors in its meeting held on 29.03.2011.

This loan scheme is flexible and amount within sanctioned limit can be withdrawn and deposited by the entrepreneur any number of times during currency of loan. Sanctioned loan can be utilized for creation of fixed assets or meeting out of the working capital requirements (Scheme is enclosed at Annexure ‘A). The “Flexi Loans” are for three years which can be renewed for three years further on the request of the industrial unit.

All concerned are therefore, advised to go through the scheme and garner maximum business.

Sd/-

(UMESH KUMAR)
Chairman & Managing Director

Copy to :

- 1- All BO(s)/SO(s).
- 2- Standard Circulation at HO.
- 3- DGM (A&I), Eastern & Western Zone.

FLEXI LOAN SCHEME

FOR GOOD BORROWERS OF THE CORPORATION

1. INTRODUCTION

RFC is providing financial assistance to its good borrowers. The Corporation has already taken steps to provide financial assistance to good borrowers on liberal terms. In the same series, it is proposed to have a unique scheme for the good borrowers. Under this scheme where Corporation shall provide financial assistance totally flexi in nature i.e. the loan sanctioned can be withdrawn and deposited within LDR any number of times. The Corporation may provide financial assistance to meet immediate requirement of funds either for acquisition of fixed assets, working capital or for both without going into detailed appraisal. This would facilitate the entrepreneurs to save the higher cost of funds which would otherwise to be borrowed from private financier. The brief features of the scheme are as under:-

2. OBJECT

Providing financial assistance to the good borrowers of the corporation to meet out their immediate requirement either for working capital need or to acquire fixed assets or both as and when required.

3. ELIGIBILITY CRITERIA

- i. The unit should have operating/dealing with the corporation for at least 4 years. (The loan cases which have been paid off in past as per the LDR(excluding prepayment) will be eligible for Flexi loan provided their accounts were classified as standard assets in the last 3 years from the date of clearance of account.
- ii. The account of the unit should have been classified as standard assets in the last 3 financial years.
- iii. Working results and financial performance of the unit should be satisfactory in the last 3 financial years.
- iv. The borrower should not have availed any benefit by way of waiver of interest/penal interest or grant of reschedulement in the last 3 financial years and during current financial year.
- v. There should be no overdue in sister/associate/family concern of the unit and also no benefit of waiver of penal interest should have been granted during last three years.
- vi. The working result of the concerns should justify of existing and proposed loan.

4. ELIGIBLE AMOUNT

- i. The minimum and maximum loan under the scheme shall be Rs.10.00 lacs and Rs.100.00 lacs respectively.
- ii. The loan shall be restricted to 1.25 times of loan repaid by the unit in all loan accounts.
- iii. The eligibility of loan limit shall also linked with cash profit of the preceding financial year as being done in card schemes..

5. SECURITIES & SECURITY DEBT RATIO

- i. The loan shall be secured by 1st charge on existing and proposed assets of unit.
- ii. Personal guarantee of promoter/partner/director of the unit/company.
- iii. Further charge on additional security if taken earlier.

The overall security debt ratio shall be kept 2.00:1. For the purpose of calculation of security, MRV of land and building and MRV or book value of plant and machinery and MFA which ever is less shall be considered. The outstanding in existing loan account(s) and proposed loan shall form part of total debt for calculation of security debt ratio. The loan shall however be restricted to MRV of Land & Building.

6. APPLICATION FEE

The application fee shall be as per existing norms.

7. INTEREST RATE

The rate of interest shall be equal to applicable as per the prevailing rate of interest of the Corporation for SME sector and shall be payable on quarterly basis.

8. LIQUIDATED DAMAGES

No default in interest & principal shall be allowed, however, in case of default, following action shall be initiated :

- a) Action u/s 138(b) of NI Act.
- b) The Corporation shall charge liquidated damages @ 2% p.a. on the amount in default for the period of default from day one.

9. OPTION FOR CALL BACK

In case the loanee party makes default in making payment of interest on time, the Corporation shall have right to call back the disbursed loan.

10. PROCESSING CHARGES

Processing charges @ 0.25% shall be charged.

11. MARGIN AND PROMOTERS' CONTRIBUTION

No additional margin and promoters contribution will be required to be brought in.

12. REPAYMENT PERIOD

The condition of repayment shall be as under:

- i) Flexi loan is sanctioned for 3 years (from the date of 1st disbursement of loan) which can be renewed on the request of the party for next 3 years on the terms and conditions of interest rate applicable at that time. The loanee party shall however, inform 3 months prior to 3 years period for renewal of Flexi loan.
- ii) The unit may pre-pay without attracting per payment premium.
- iii) The concern shall make the payment of interest on 1st day of each quarter i.e. March, June, September and December separately.
- iv) The concern/company to furnish one blank PDC for repayment of loan.

13. RENEWAL CHARGES:

The Corporation will charge 0.25% at the time of renewal of loan after 3 years.

14. MORATORIUM PERIOD

No moratorium period for payment of principal as the same is for 3 years on renewal basis.

15. SANCTIONING AUTHORITY

The sanctioning authority shall be CMD, on recommendation of committee of officers as being in card schemes.

16. DISBURSEMENT

1st disbursement of sanctioned amount should be availed within two months from the date of communication of sanction. The party may however, avail the balance sanctioned amount as per its convenience.

17. MODALITIES FOR OPERATING FLOATING LIMIT

- a) The loanee sanctioned loan under the scheme can approach the concerned Branch Office of the Corporation for drawing any amount within the overall flexi limit in multiple of Rs.50000/- within flexi limit sanctioned to it by making normal request in writing to the BM.
- b) The loanee party can however, draw the amount maximum four times a month.
