

RAJASTHAN FINANCIAL CORPORATION
(GOOD BORROWER DIVISION)

UDYOG BHAWAN,
TILAK MARG,
JAIPUR.

Ref. No.F.RFC/GBD/Gen-149/ 737

Dated : 08.08.2011

CIRCULAR

**Reg : Security based admissibility of loan in ‘Flexi loan Scheme’
for good borrowers**

It has been observed that due to repayment period of 3 years (unless renewed further) in Flexi Loan Scheme for good borrowers, the loan admissibility under flexi loan scheme is quite low if it is linked with the cash profits of the unit in the immediate preceding financial year. Sometimes, inspite of very good securities and credentials of the promoters, we are unable to sanction adequate loan to our existing good borrowers.

The matter regarding the admissibility of loan linked with the cash profits and security debt ratio in flexi loan scheme for good borrowers was placed before the PC&CC in its meeting held on 26.7.2011. After detailed discussions, the Committee decided to link the loan admissibility under flexi loan scheme as multiple of cash generation based on security debt ratio, as is also being done in card schemes. The basis to work out the admissibility of loan is as under:-

Security debt ratio	Loan admissibility
2.00:1	Equal to 3 times of cash generation in immediate preceding year.
2.50:1	Equal to 5 times of cash generation in immediate preceding year.
3.00:1	Equal to 6 times of cash generation in immediate preceding year.

The above basis may be considered while computing the admissibility of loan in flexi loan scheme for good borrowers.

All concerned are advised to take note of this revised basis.

Sd/-
(Yaduvendra Mathur)
Chairman & Managing Director

Copy to :

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