

RAJASTHAN FINANCIAL CORPORATION
(GOOD BORROWER DIVISION)

**UDYOG BHAWAN,
TILAK MARG,
JAIPUR.**

Ref. No.F.RFC/GBD/GEN.149/ 1164

Dated : 1.11.2011

CIRCULAR

**Reg : Delegation of powers for sanction of loan under Flexi
Loan Scheme of Good Borrowers to Field Offices**

The Flexi Loan Scheme for good borrowers was launched vide PG circular no. 1376 dated 1.4.2011 with the condition that the sanctioning authority under the scheme shall be CMD.

Looking to good response in the Flexi Loan Scheme and likely business potential, it was felt that the sanctioning powers under this scheme if delegated to field offices can further boost up our business and it will be more convenient for our Good Borrowers also.

It has, therefore, been decided to delegate the sanctioning powers of this scheme of Good Borrowers also to field offices, in addition to the powers conferred under general loan scheme of the Corporation within their over all delegated powers for GBD. The delegation of the powers for sanction of loan under Good Borrower schemes including “Flexi Loan Scheme” are as per annexure `A’.

It is expected from branches to monitor each sanctioned case and they shall not allow even a payment of single default (in interest) on due date in these cases. Regular feed back to HO, GBD section about sanctions made, amount disbursed, case wise position of overdue (if any), action taken in case of overdue in “Flexi Loan Scheme” cases.

For the convenience of branches and uniform system of loan appraisal in this scheme, a format for loan proposal for “Flexi Loan Scheme” have been designed which is enclosed as annexure `B’.

All concerned are advised to take a note of above, ensure compliance and try to cover all eligible Good Borrower in the scheme.

(Yaduvendra Mathur)
Chairman Cum Managing Director

Copy to :

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

Delegation of powers for sanction of loan under Good Borrower schemes including Flexi Loan Scheme to Field Offices

Sanction authority	Amount of loan (Rs. In lacs) For all Good borrower schemes including Flexi Loan scheme
Manager(Branch)	
(i) `A` Category branch (including Neemrana & Sitapura branches)	150.00
(ii) Other than `A` Category branch	50.00
Dy. Manager(Branch)	
(i) `A` Category branch (including Neemrana & Sitapura branches)	50.00
(ii) Other than `A` Category branch	30.00
Asstt. Manager(Branch)	15.00

Note:-

1. The loan cases under good borrower schemes may be sanctioned by the sanctioning authority under whose jurisdiction total accommodation fall i.e. outstanding against the existing loan plus proposed loan in GB cases.
2. The above limit of sanction under good borrower scheme is in addition to the power of sanction of loan under general loan schemes.
3. At HO, the sanctioning power shall continue to vest with the CMD.

Annexure 'B'

RAJASTHAN FINANCIAL CORPORATION

Branch Office _____

File No. GBD/FLEXI-

DATE OF REGISTRATION	
At BO	

PROPSAL FOR SANCTION OF FLEXI LOAN TO
M/S _____ FOR A LOAN OF
Rs _____

GENERAL INFORMATIONS

1.	NAME OF THE UNIT/CONCERN/COMPANY	
2.	CONSTITUTION	
3.	ADDRESS FOR CORRESPONDENCE	
4.	ADDRESS OF WORKS	
5.	REGISTERED OFFICE	
6.	AMOUNT OF LOAN APPLIED	
7.	PRODUCTS MANUFACTURED	
8.	DATE/YEAR OF PRODUCTION	
9.	SIZE OF UNIT(MEDIUM/SSI)	
10.	REGISTRATION/MEMORANDUM NUMBER WIH INDUSTRIES DEPATT.	
11.	DATE/YEAR OF FORMATION/INCORPORATION	
12.	REGISTRATION NUMBER WITH ROC	
13.	NAMES OF PROPRIETOR /PARTNERS/DIRECTORS(PRESENT)	1 2 3 4

14	CHANGE OF DIRECTORS (IF ANY) WHETHER CHANGES APPROVED BY RFC	1 2 3 4 5 6
15	DEBT EQUITY RATIO ` EXISTING AFTER PROPOSED LOAN	
16	SECURITY DEBT RATIO	
17	PRESENT RATE OF INTEREST	

ELIGIBILITY CRITERIA:

a.	The unit should have operating/dealing with the corporation for at least 4 years.	YES
b.	The account of the unit should have been classified as standard assets in the last 3 financial years.	YES
c.	Working results and financial performance of the unit should be satisfactory in the last 3 financial years.	YES
d.	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.	Not availed
e.	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.	NO Over dues

COMMENTS OF BRANCH ON:

a.	Reputation of promoters within the society	
b.	Integrity	
c.	Means of promoters	
d.	Whether any legal proceeding have been initiated	

DETAILS OF FINANCIAL ASSISTANCE AVAILED FROM RFC

Rs in lacs

S No.	Loan Sanctioned		Name of scheme	Loan disbursed	Loan repaid	Loan Outstanding	Overdues
	Date	Amount					
1							-
2							-
3							
4							
5							
6							
TOTAL							-

OUTSTANDING

General schemes-----

G B Schemes-----

FINANCIAL PERFORMANCE: (Last 3 years)

(Rs.in lac)

Year			
Sales and other income			
Net profit			
Cash profit			
Net worth			

SECURITY:

Rs in lacs

	Book value as on-----	Market value	Acceptable Value
Land			
Building			
Plant and Machinery			
Misc. Fixed Assets			
Total			

SECURITY DEBT RATIO:

(Rs. In lac)

Total Security		
Total debt:		
Existing:		
Proposed		

Security debt ratio: -----

CALCULATION OF ELIGIBLE AMOUNT : (Lowest of the following)

(Rs. in lac)

a.	On the basis of loan repaid (-----x 1.25)					
	Less: Outstanding in Flexi loan account					
b.	On the basis of security debt ratio (1.50:1)					
	Security available Rs-----					
	Less: Outstanding					
d.	On the basis of debt equity (2:1)					
	Existing Equity	Capital Reserve & Surplus	-----	Maximum admissible loan (-----)	-----	
		Unsecured loan (IF)	-----			

	Existing Debt	RFC loan O/s (as on --	-----	Less: Debt	-----	
		-----)	-----			
		-----	-----			
		Unsecured loan (IB)	-			
			-----		-----	
			-----		-----	
e.	On the basis of MRV of land & building (-----+-----)				-----	
	Less: Existing O/s				-----	-----
e.	Loan applied					-----
	Loan recommended (Minimum of above)					

RATE OF INTEREST:

As per detailed terms and conditions enclosed

REPAYMENT PERIOD:

As per detailed terms and conditions enclosed

RECOMMENDATIONS:

1. The unit is good borrower of Corporation, having satisfactory repayment behaviour, adequate level of security is available and it is fulfilling eligibility criteria of Flexi loan scheme, **Flexi loan** of Rs----- lac may be sanctioned in favour of the concern/company

Members of Appraisal Team

- 1.
- 2.

ANNEX-A

TERMS AND CONDITIONS FOR SANCTION OF FLEXI LOAN

1. AMOUNT OF LOAN : Rs.----- lacs

2. PROCESSING CHARGES:

Processing charges @ 0.25% of Rs.----- lac	
Service Tax @ 10% of Rs.---- --/-	
Education cess @ 3% of Rs.-----/-	
TOTAL	

3. PURPOSE:

The limit granted by Corporation shall be utilized for working capital requirement or creation of fixed assets or both as and when required.

4. DISBURSEMENT:

The 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.

- a) The unit can approach the branch office of the Corporation for drawing any amount within the limit in multiple of Rs.50000/- within flexi limit sanctioned to it by making normal request in writing to the Branch Manager.

- b) The loanee party can however, draw the amount maximum four times a month.

5. REPAYMENT PERIOD:

- 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.
The concern shall furnish one blank PDC for repayment of loan and 12 PDC for payment of interest of loan for each quarter.
- ii. In case the loan limit is not renewed after three years, the party will have the option to repay the outstanding loan either in one instalment or maximum in twelve equated monthly instalments (EMI), subject to charging of prevailing rate of interest at that time or documented rate of interest, whichever is higher.
- iii. The concern may pre-pay without attracting pre payment premium.
- iv. The concern shall make the payment of interest on 1st day of each quarter i.e. March, June, September and December separately.

6. RENEWAL CHARGES:

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

7. SECURITY:

- i) The Loan shall be secured by 1st charge on existing and proposed assets of the unit situated at _____
- ii) Personal guarantee of all the partners/directors of the unit.
- iii) Further charge on additional security if taken earlier.

8. RATE OF INTEREST:

The rate of interest shall be applicable as prevailing for SME sector at the time of 1st disbursement of loan including token disbursement and shall be payable on quarterly basis. Presently, the rate of interest of flexi loan scheme is @ -----% p.a.

9. LIQUIDATED DAMAGES:

No default in principal & interest shall be allowed. 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.

10. OPTION FOR CALL BACK:

In case the loanee party make default in making payment of interest on time, the Corporation shall have right to call back the disbursed loan along with interest and other money.

11.INSURANCE :

The unit shall keep insured its fixed assets at its own cost.

12.The overall security debt ratio shall not be less than 1.5:1

13.The unit shall not increase debt equity ratio above 2:1 during currency of loan.

14.The promoter/unit shall submit its consent to the Corporation that during the currency of loan, the Corporation may obtain/provide any credit information related to it from/to the credit Information Bureau of India Limited.

15.The unit/concern shall submit an undertaking that the borrower hereby agrees to pay a penalty of Rs.500/- on its every dishonoured cheque given by the borrower to the Corporation and the borrower further agrees and gives its consent that in case of non-payment of above penalty by the borrower the Corporation has every right to recover and debit the above amount in his loan account under the head of "other charges" of the Corporation without prejudice to all other legal rights of the Corporation available under the provisions of the Negotiable Instrument Act and/or under the provisions of all other law in force.

16.The existing loan A/c under FAAS/SARAL scheme shall continue as per original schedule of repayment and no pre-payment of these loan shall be accepted.

17.Before disbursement of loan, the Branch manager shall satisfy about the utilization of earlier loans sanctioned to the unit under FAAS/SARAL schemes.

OTHER TERMS AND CONDITION

GENERAL:

1. The unit shall clear the over dues if any in existing loan account and also in loan accounts of sister/associate concern if any before documentation and before each disbursement.
2. That the Corporation shall have a right of physical inspection of the unit and verification of the stock and fixed assets and may call for any information including books of accounts as may be required from time to time during currency of loan.
3. The unit shall not appropriate the profits unless it has cleared or made a provision for clearance of over dues that may exists in the corporations loan and interest thereon.
4. That the Corporation shall be at liberty to appoint a concurrent auditor to get examined the books of accounts of the borrowing company and company will render all help and produce all books of accounts as may be required and fees of the chartered accountant shall be payable by the firm.
5. Without formal consent of the Corporation, the borrower will not increase further debt liabilities to be secured by the fixed/current assets of the unit.
6. The interest free unsecured loan if any shall not be withdrawn till the currency of Loan.
7. There will be no change in constitution/management without prior approval of the Corporation.
8. The company/concern shall give undertaking that it shall not undertake any change in management & share holding during currency of loan of the Corporation without prior approval of the Corporation.