

RAJASTHAN FINANCIAL CORPORATION
(CREDIT APPRAISAL SECTION)

Udyog Bhawan,
Tilak Marg,
JAIPUR-302 005.

Ref.No. RFC/ LA-12(65)/811

Dated : 23 .11.2011

: PG CIRCULAR :
(LA No. 582)

Re: Top-up Loan Scheme for existing borrowers of MSME.

A loan scheme namely "Fast Track Loan Scheme" was introduced vide PG circular No.1239 dated 06.10.2008 for promoters intending to avail further term loan from the Corporation for meeting out requirements of funds for working capital and capital investment in the unit. However, this did not yield desired results and only few cases were sanctioned under the scheme since its introduction.

Considering the requirements of the existing borrowers and feed back taken from field offices, it has been decided to replace the existing scheme with a simplified new scheme namely Top-up Loan Scheme for quick sanction and to attract more business from the existing borrowers. Under this new scheme no detailed appraisal shall be undertaken.

The proposed scheme is enclosed as annexure-A. To maintain uniformity, formats of loan proposal and loan application (having cost Rs.100/-) have also been enclosed as annexure -B & C.

The Branch Managers are required to make wide publicity of the scheme and to identify all such eligible existing borrowers and prepare a list with complete address and contact numbers with a view to fetch maximum business under this scheme. A monthly progress report (annexure-D) shall be forwarded to CAS HO upto 5th day of next month regularly.

All concerned are directed to implement the loan scheme successfully and to strive hard to fetch maximum business under the scheme. Any laxcity shall be viewed seriously.

-sd-

(Yaduvendra Mathur)
CHAIRMAN & MANAGING DIRECTOR

Encl: As above.

Copy to :

1. All BOs / SOs.
2. Standard Circulation at HO.
3. DGM(A&I), Eastern & Western Zone

RAJASTHAN FINANCIAL CORPORATION
(Credit Appraisal Section)

Re: Top-up Loan Scheme for Existing borrowers of MSMEs

1. INTRODUCTION :

To facilitate the existing financed running units (except real estate case i.e. financed under commercial/residential complex schemes, Builders scheme, FAAS cases sanctioned against residential/ commercial properties for real estate projects) who are regular in repayment of the Corporation dues for a reasonable period, the Corporation has devised a scheme namely "Top-up Loan Scheme for Existing Borrowers of MSMEs" (in replacement of existing scheme circulated vide PG circular No. 1239 dated 06.10.2008) to provide further loan to the extent of principal loan amount repaid (excluding pre-payment) or a higher amount (in excess of principal repaid) provided availability of required security, to meet the requirement of the unit quickly with simplified procedure and without detailed appraisal.

2. PURPOSE OF LOAN :

The loan shall be utilised for acquisition of additional fixed assets for expansion/modernisation/diversification/ replacement of old machines etc. and/or meeting out the working capital requirements of the existing unit.

3. ELIGIBILITY CRITERIA :

- a) It should be an existing RFC running financed unit (except real estate case i.e. financed under commercial/ residential complex schemes, Builders scheme, FAAS cases sanctioned against residential/ commercial properties for real estate projects) having minimum association with the Corporation for two completed years from the date of execution and having cash profit in immediate preceding one year.

- b) The unit should have been regular in repayment and all due installments (Prin./interest/ other money) should have been paid in time as per norms. However, if any party fails to repay the instalment within 7 days from the due date but paid the same within the quarter in which it fall due; it will also be eligible for financing under the scheme. There should not be any overdue as on date of sanction and the unit should have repaid atleast four quarterly principal installments/ EQIs in the last loan account, if the unit is having more than one loan account.
- c) The account of unit should have been standard since begining.
- d) There should not be any reschedulement/ waivement (including penal interest)/ settlement in the loan account of the unit and its sister concern during last three financial year.
- e) The fixed assets already mortgaged to the Corporation should be intact & not given on rent/lease basis and should not have been sold towards dilution of security
- f) Pre-paid principal instalments shall not be considered for the eligible amount of loan under this scheme
- g) There is no violation of terms & conditions of existing loans sanctioned to the unit.

4. AMOUNT OF LOAN :

The admissible loan under this scheme shall be equal to principal amount repaid in the loan account. If the unit is having more than one loan account, repayment in the last loan account should be the deciding factor.

A higher loan amount (in excess of principal repaid) maximum upto 60% of MRV of security (land & building and collateral) minus existing outstanding may be admissible. However, this additional loan over & above

principal repaid shall not exceed 25% of the principal sum repaid.

5. DEBT EQUITY RATIO :

The overall debt equity ratio should not exceed 2:1 after consideration of the proposed loan under the scheme.

6. REPAYMENT PERIOD :

Loan sanctioned under the scheme shall be repayable in five years including moratorium not exceeding six months in quarterly installments. The repayment shall be through EQI with PDC. The borrower may also opt for monthly repayment i.e. EMI at the time of documentation.

7. COMPETENT AUTHORITY FOR SANCTION OF LOAN :

The sanctioning powers under the scheme will be in addition to the powers for sanction of loan under general loan scheme as delegated to respective competent authority irrespective of existing outstanding.

8. SECURITY DEBT RATIO :

a) Security ratio would not be recalculated in case the further loan amount is not exceeding sum of principal instalment repaid.

b) In case the further loan is exceeding the amount of principal repaid, the total security debt ratio (including proposed loan) shall not be less than 1.66:1 as per present MRV of security (land & building of the unit and collateral security). MRV shall be calculated as per the prevailing norms of the Corporation.

9. APPLICATION FEE & PROCESSING CHARGES :

Application fee will be charged as per the prevailing norms of the Corporation from time to time.

Processing charges shall be charged @ 0.50% of the sanctioned term loan with Service Tax, Education Cess and other applicable Government taxes.

10. RATE OF INTEREST :

The rate of interest will be applicable as per the prevailing rate of interest of the Corporation for respective scheme under which the original loan was granted.

11. Liquidated damages shall be charged as per the prevailing policy of the Corporation from time to time.

12. DISBURSEMENT :

The sanctioned loan would be disbursed in one or such higher number of instalments as the disbursement authority deems appropriate within three months from the date of sanction. The borrower shall furnish the CA certificate reg. utilization of loan in proforma prescribed (by finance section) within 6 months from the date of disbursement. After 3 months, the sanction shall stand cancelled automatically.

13. DOCUMENTATION :

The execution of loan documents shall be made as per existing procedure.

14. UNDERTAKING & DECLARATION :

- a) The unit shall furnish an undertaking that loan shall be utilized for meeting working capital requirements and/ or for creation of fixed assets to be used for industrial/ hotel/ tourism/ hospital/ nursing home projects as defined in section 2 (c) of SFC ct 1951.
- b) It will comply with all legal requirements to run the unit i.e. obtaining NOC from local authority, RPCB & other Departments, if so required.
- c) That the property is owned by the borrower unit and presently not let out/leased and shall obtain prior approval from the Corporation for renting/leasing out in future
- d) The borrower shall keep insured the fixed assets i.e. building, P&M and MFAs considered for financial assistance, every year till the entire

loan is repaid and copy of insurance policy be furnished with the Corporation from time to time.

- e) All the securities including primary, collateral and guarantee (s) taken in the existing loan shall remain continue for the proposed loan also.
- f) The proposed loan shall not be utilised for the repayment of existing loans.

15. RECOVERY :

The cases financed under the scheme shall be monitored closely. BMs shall have full powers for taking legal action under section 30 / 29 of the SFC Act in case of default so as to effect recovery without delay together with action under 138(b) of the Negotiable Instruments Act for dishonor of the cheque as per guidelines issued time to time in this regard. FR Section shall ensure that there is not a single NPA case under the scheme.

RAJASTHAN FINANCIAL CORPORATION
(CREDIT APPRAISAL SECTION)
 Udyog Bhawan, Tilak Marg JAIPUR-302 005
 Branch Office _____

File No. _____

DATE OF REGISTRATION	
At BO	
At HO	

PROPOSAL FOR SANCTION OF A TERM LOAN OF RS. _____ LAC TO
 M/S _____

UNDER TOP-UP LOAN SCHEME FOR EXISTING BORROWERS OF MSMEs

I) GENERAL INFORMATION :

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(MSME) (Micro, Small, Medium)	
10	REGISTRATION/MEMORANDUM NUMBER WITH INDUSTRIES DEPATT.	
11	REGISTRATION NUMBER & DATE WITH REGISTRAR OF COMPANIES / REGISTRAR OF FIRMS	

12	NAME OF PROPRIETOR / PARTNERS / DIRECTORS (PRESENT)	1 2 3 4
13	CHANGE OF DIRECTORS / PARTNERS (IF ANY), IF YES, THEN WHETHER CHANGES APPROVED BY RFC	
14	DEBT EQUITY RATIO (AFTER PROPOSED LOAN)	
15	SECURITY DEBT RATIO (AFTER PROPOSED LOAN)	
20	APPLICABLE RATE OF INTEREST	
21	REPAYMENT PERIOD INCLUSIVE MORATORIUM PERIOD	5 YEARS INCLUSIVE 6 MONTHS MORATORIUM PERIOD

II) ELIGIBILITY CRITERIA: (to mention Yes or No as applicable)

a.	Whether the unit is associated with the Corporation for a minimum for 2 years and having cash profit in immediate preceding financial year?	
b.	Whether the concern/company has repaid four instalments of principal (excluding pre-paid)? (If unit is having more than one loan account then in the last loan account four instalment of principal should have been repaid.)	
c.	Whether the repayment behaviour in unit/sister concerns has remained satisfactory in past?	
d.	Is there no overdue in unit/ sister/ associate concerns?	
e.	Whether the account of the unit is classified as standard assets since	

	beginning?	
f.	Whether the unit and its sister concerns have not availed benefit of waiver of penal interest/interest or grant of reschedulement/ settlement in last 3 financial years?	
g.	Whether the debt equity ratio is not more than 2:1 after proposed loan	
h.	Whether the fixed assets already mortgaged to the Corporation are intact & not given on rent/lease basis and should not have sold any part of security?	
i.	Is there no violation of terms & conditions of existing loans sanctioned to the unit earlier?	

Note - The answer of above points 'a' to 'i' should be YES for the eligibility of loan under the scheme.

III) DETAILS OF FINANCIAL ASSISTANCE AVAILED FROM RFC : Rs in lacs

SNo.	Loan Sanctioned		Name of scheme	Loan disb.	Loan repaid	Loan O/S	O/D
	Date	Amount					
1							
2							
3							
TOTAL							

IV) DETAILS OF FINANCIAL ASSISTANCE AVAILED IN SISTER CONCERNS FROM RFC : Rs in lacs

SNo.	Name of unit	Loan Sanctioned		Loan disb.	Loan repaid	Loan O/S	O/D
		Date	Amount				

V) FINANCIAL PERFORMANCE OF THE UNIT: (Last 3 years) : (Rs.in lac)

Year			
Sales and other income			
Net profit			

Cash profit			
Net worth			

VI) SECURITY: (as reported by BO) : Rs in lacs

	Book value as on-----	Market Relisable value	Acceptable Value
Land			
Building			
Collateral Security			
Total			

Note - Collateral security and other security, if any, shall remain continue under the charge of the Corpoation for the proposed loan also.

VII) SECURITY DEBT RATIO : Rs in lacs

A. .Total Security (Acceptable)	
Total debts:	
Existing (RFC)	
Proposed(RFC)	
B. Total	
Security Debt Ratio (A/B)	

VIII) CALCULATION OF ELIGIBLE AMOUNT :

Maximum eligible loan amount of further loan shall be calculated as under: - (Rs.in lac)

A	Amount of principal repaid in the last loan account, if the unit is having more than one loan account (minimum four instalments of principal should have been repaid excluding pre-paid instalments in the last loan account)	No. of Instalments	Amount
	OR		
B	In case of further loan amount is exceeding the amount of principal repaid. (the required security for the total loan is to be maintained as under) :		
	On the basis of security debt ratio (1.66:1) i) Loan admissible - (Acceptable security /1.66) = Rs----- Less: existing outstanding Rs----- OR ii) 125% of principal sum repaid		

	Admissible further loan (whichever is less of i & ii of above)	
C	Loan amount recommended	

IX) RATE OF INTEREST :-

a)	(prevailing rate of interest of the Corporation for the respective scheme on the day of execution of loan documents) Presently the rate of interest is _____%p.a.
b)	Liquidated damages shall be charged as per prevailing policy of the Corporation from time to time.

X) REPAYMENT PERIOD :

Loan sanctioned under the scheme shall be repayable in 18 equated quarterly instalments of Rs. _____ each against principal and interest through post dated cheques. The first instalment shall fall due on first day of March/ June / Sept. /Dec (as fallen due after 6 months moratorium period). In case of any payment recoverable from borrower or payable to borrower, as the case may be, shall be adjusted in the last EQI. The above EQI has been calculated at the interest @ ----- - per annum. In case, the cheque is not realized on due dates, then BO shall obtain from borrower the enhanced amount of EQI including applicable rate of liquidated damages, prevailing at that time. The Branch shall recover interest for the moratorium period by calculating the interest manually and same shall be recovered through separate cheques. Post Dated Cheques (PDCs) for all the above installments shall be collected at the time of execution of loan documents.

XI) UNDERTAKING & DECLARATION :

- a) The unit shall furnish undertaking that loan shall be utilized for meeting working capital requirement and/ or for creation of fixed assets to be used for industrial/ hotel/ tourism/ hospital/ nursing home projects.
- b) It will comply all legal requirements to run the unit i.e. obtaining NOC from local authority, RPCB & other Departments, if so required.
- c) That the property is owned by promoters and presently not let out/leased and shall obtain prior approval from the Corporation for renting/leasing out in future.
- d) The borrower shall keep insured the fixed assets i.e. building considered for financial assistance, every year till the entire loan is repaid and copy of insurance policy be furnished with the Corporation.

- e) All the securities including primary, collateral and guarantee (s) taken in existing loan shall remain continue for the proposed loan also.
- f) The proposed loan shall not be utilised for the repayment of any existing loan.

RECOMMENDATIONS:

After examination of the eligibility criteria of the scheme, the unit is eligible for sanction of a further term loan Rs._____lac. A term loan of Rs_____lac is recommended for sanction on usual terms & conditions.

Members of Appraisal Team & signature

- 1.
- 2.

Name of Branch Manager & signature

Annexure -C
Rs.100/-

RAJASTHAN FINANCIAL CORPORATION
(CREDIT APPRAISAL SECTION)
Udyog Bhawan, Tilak Marg JAIPUR-302 005
Branch Office _____

APPLICATION FOR SANCTION OF A TERM LOAN OF RS. _____ LAC
UNDER TOP-UP LOAN SCHEME FOR EXISTING BORROWERS OF MSMEs

DATE OF APPLICATION	AMOUNT OF LOAN APPLICATION
	Cash / Cheque No _____ Dt. _____ Rs. _____

I) 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(MSME- Micro/Small/Medium/Hotel/Hospital)	
10.	REGISTRATION/MEMORANDUM NUMBER WIH INDUSTRIES DEPATT.	

11.	REGISTRATION NUMBER & DATE WITH REGISTRAR OF COMPANIES / REGISTRAR OF FIRMS	
12.	NAME OF PROPRIETOR / PARTNERS / DIRECTORS (PRESENT)	1 2 3 4
13.	CHANGE OF DIRECTORS / PARTNERS (IF ANY), IF YES, THEN WHETHER CHANGES APPROVED BY RFC	

II) (A) DETAILS OF FINANCIAL ASSISTANCE AVAILED FROM RFC :
Rs. In lacs

S No.	Loan Sanctioned		Name of scheme	Loan disb.	Loan repaid	Loan O/S	O/D
	Date	Amount					
1							
2							
3							

(B) DETAILS OF FINANCIAL ASSISTANCE AVAILED FROM BANKS, IF ANY :
Rs. In lacs

S.No.	Name of Bank	Amount of Loan	Nature of Loan	Outstanding
1				
2				
3				

III) DETAILS OF FINANCIAL ASSISTANCE AVAILED IN SISTER CONCERNS FROM RFC :
Rs in lacs

S.No.	Name of unit	Loan Sanctioned		Loan disb.	Loan repaid	Loan O/s	O/d
		Date	Amount				

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IV) **FINANCIAL PERFORMANCE OF THE UNIT: (Last 3 years) :**
(Rs.in lac)

Year			
Sales and other income			
Net profit			
Cash profit			
Net worth			

Note - Please attach copy of audited balance sheet for last three years

V) **DECLARATION :**

I /WE CERTIFY :

1. that all information furnished by me/us is true
2. that I / we have no borrowing arrangements, except as indicated in the application, for the unit with any bank
3. that no legal action has been/is being taken against me/us
4. that I /we shall furnish all other information that may be required by RFC in connection with my / our application
5. that this and any other information available with RFC pertaining to the borrowing unit present and future, may also be exchanged by RFC with any agency, RFC may deem fit and
6. that RFC, their representatives, any other agency as authorized by RFC, may at any time inspect / verify our assets, books of account etc. in our factory and business premises.

I/ we further certify that, as on date, there are no overdues payable to financial institutions/ banks from the undersigned, other promoters and the company/

companies in which I/ other promoters have interest as a promoter/ director/ proprietor. I/ we further certify that there are no statutory overdues pending against me/ other promoters/ company or other companies in which I am/ other promoters are director/ directors.

I/ we further certify that there has/ have been no criminal/ economic offences conviction against me/ other promoters/ company/ concern. I also certify that no criminal/ economic offences are pending against me/ other promoters of the company/ concern.

Signature of promoter(s)			
Name of promoter			
Date:			
Place:			

Encl: As above.