

RAJASTHAN FINANCIAL CORPORATION  
Udyog Bhawan, Tilak Marg, C-Scheme,  
JAIPUR-302005

Ref: No. RFC/LA-12(78)/CPM/5

DATED : 22.12.2011

CIRCULAR  
(LA : 586)

Considering the requirements of non-assisted units, it has been decided to launch a scheme namely "Flexi Loan Scheme for new borrowers" similar to Flexi Loan scheme for existing Good Borrowers. The scheme was placed before the PC&CC in its meeting held on 07.12.2011 and the PC&CC after discussions approved the scheme, copy of the scheme is enclosed.

All concerned are directed to make wide publicity of the scheme and to identify all such non-assisted units with a view to receive maximum number of applications for business under this scheme.

sd/-  
( Yaduvendra Mathur )  
CHAIRMAN & MANAGING DIRECTOR

Copy to:

1. All Branch Offices/ Sub Offices.
2. All DGMS (Operations).
3. Standard Circulation at HO.

RAJASTHAN FINANCIAL CORPORATION  
FLEXI LOAN SCHEME FOR NEW BORROWERS

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 non assisted units. 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scheme where Corporation shall provide financial assistance totally flexi in nature i.e. the loan sanctioned can be withdrawn and deposited within LDR any number of times.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 non assisted units 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 proven track records with regard to repayment with financial institution/bank in past if assisted by them and there should not be any adverse reporting against the unit from FIs / Bank.
- ii. The account of the unit should have been classified as standard assets in the last 3 financial years if assisted by FIs / Banks , except SIDBI.
- iii. 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 if assisted by FIs / banks
- iv. The unit should be in production during the last four preceding years on date to date

basis and working results and financial performance of the unit should be satisfactory in the last 3 financial years.

- v. There should not be any overdues of FIs / Banks on the date of loan applying for loan.
- vi. Cases financed by SIDBI shall not be eligible for finance under this Scheme.

4. ELIGIBLE AMOUNT

- i. The minimum and maximum loan under the scheme shall be Rs.10.00 lacs and Rs.100.00 lacs respectively however at the time of renewal after three years the maximum loan limit may be increased subject to fulfillment of other eligibility criteria upto Rs.200 lacs.

5. SECURITIES & SECURITY DEBT RATIO

- i. The loan shall be secured by 1<sup>st</sup> charge on existing and proposed assets of unit.
- ii. Personal guarantee of promoter/ partner/ director of the unit/ company.

The overall security debt ratio shall be kept 2:1.

For the purpose of calculation of security, MRV of land, building and least of MRV or book value of plant and machinery and MFA which ever is less shall be considered. 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 the prevailing rate of interest of the Corporation for SME sector and which 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. In case of two consequent default the possession of the unit may be taken.
10. PROCESSING CHARGES  
Processing charges @ 0.25% shall be charged.
11. APPRAISAL NORMS  
The system of getting details about promoters, concern and sister concerns, verification of antecedents, obtaining CIBIL reports, and bank credit reports shall however be followed as in general loan schemes. The bank statements for last three years shall also be obtained and analysed.
12. MARGIN AND PROMOTERS' CONTRIBUTION  
No additional margin and promoters contribution will be required to be brought in.
13. REPAYMENT PERIOD  
The condition of repayment shall be as under :
- i. Flexi loan is sanctioned for 3 years (from the date of 1<sup>st</sup> 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 installment or maximum in twelve equated monthly installments (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 1<sup>st</sup> day of each quarter i.e. March, June, September and December separately.
14. RENEWAL CHARGES:  
The Corporation will charge 0.25% at the time of renewal of loan after 3 years.
15. MORATORIUM PERIOD  
No moratorium period for payment of principal as the same is for 3 years on renewal basis.
16. SANCTIONING AUTHORITY  
The sanctioning authority shall be CMD on recommendation of the Committee.
17. DISBURSEMENT  
The 1<sup>st</sup> 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.
18. MODALITIES FOR OPERATING FLEXI LOAN
- a) The loanee can approach the concerned branch office of the Corporation for drawing any amount within the overall sanctioned flexi limit , in multiple of Rs.50000/- by making normal request in writing to the BM.
  - b) The loanee party can however, draw the amount maximum four times a month.

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