

# **SCHEME FOR CORPORATE LOAN**

With a view to provide term loan speedily for meeting various financial needs of an existing concern, it is proposed to make a scheme of Corporate loan for profitable and financially sound companies operating in Rajasthan and having good track record, for undertaking expansion/diversification activities and for long term working capital requirement.

## **1. Eligibility Criterion:**

- a. The company should have been borrower of RIICO as well as other financial institutions/banks classified as standard assets on close of financial year.
- b. The company should have a satisfactory track record with financial institutions and banks for last three years.
- c. The company should have net worth of at least Rs. 250.00 lacs and annual turnover of Rs.1000.00 lacs as per the last audited accounts.
- d. The company should be in production for the last three full years and earning cash profits for atleast last two years.
- e. The debt equity ratio (after availing loan) should not exceed 1.5:1.
- f. The DSCR of the company (after availing loan) should not be less than 1.50:1.

## **2. Quantum of Assistance:**

The amount of corporate term loan to a concern shall not exceed Rs.1000.00 lacs. The amount of term loan shall also depend on fulfillment of the norms of security, debt equity ratio, DSCR, etc.

## **3. Security:**

The corporate term loan shall be secured by the following securities:

- a. First charge on fixed assets of the unit i.e., land, building, plant & machinery, etc.
- b. First charge on pari -passu basis on the fixed assets in case of joint financing.

- c. Collateral security wherever considered necessary to cover the corporate term loan in the form of immovable property.
- d. Personal guarantees of the promoters/directors.

**4. Security Margin :Minimum 25%**

**5. Valuation of security:**

The valuation of the security will be the written down value of fixed assets as per balance sheet, if the same is broadly comparable with present market value.

**6. Rate of Interest:** Prevailing rate of Interest

**7. Repayment period:**

Total repayment period shall not be more than 5 years including moratorium period between six to twelve months. The borrower shall have the facility to prepay the term loan without levy of prepayment premium.

**8. Sanctioning Authority:**

Corporate loan upto Rs. 1000.00 lacs may be sanctioned by the Managing Director.

**9. Application and Documentation Fee:**

- a. Corporate loan application shall be deposited along with application fee @0.1% of the loan amount.
- b. Service Charges: The Company shall require to pay service charges @0.40% of the sanctioned amount of Corporate loan before issue of Letter of Intent. The service charges, in case the borrower is eligible under Incentive Scheme for Good Borrower of the Corporation shall be 0.15% of sanctioned term loan.

**10. Terms & Conditions:**

- a. That all the business transactions shall be routed through the designated bank.

- b. That the Corporation shall have a right of physical inspection of the unit and verification of the stock and call for any information including books of accounts as may be required from time to time.
- c. The borrower shall submit to RIICO a certificate from Chartered Accountant regarding actual utilization of the proceeds of the loan.
- d. Appropriate charge on assets has to be registered with Registrar of Companies.
- e. The sanction shall be valid for a period of three months.

**11.** Managing Director will be authorized to make changes in the scheme as per requirements.