RAJASTHAN FINANCIAL CORPORATION

(CREDIT POLICY & MONITORING DIVISION)

Udyog Bhawan, Tilak Marg, JAIPUR-302 005. Dated: 19.06.2012

Ref. No.RFC/CP&M-4/25

P&G CIRCULAR (LA No.594)

Reg.: Credit Rating Tools & Pricing of Interest Rate.

The Corporation has proposed to introduce Credit Risk Assessment Models (Credit Rating Tools) and Pricing of Interest Rate on the basis of rating in all the loan cases as decided by the Board in its meeting held on 07.06.2012. Accordingly, two Credit Rating Tools (separately for industrial sector and service sector including CRE) have been adopted for the first time in the Corporation. The procedure to be followed and criteria of rating are enclosed herewith as Annexure "A".

It has been decided that initially the proposed rating system and pricing of interest rate shall be tested at HO and field level in each loan case to get acquainted with the system upto 30.09.2012. If field offices have any difficulty in understanding the system, they shall discuss the matter with the officers posted under their respective DGM(Operation).

The proposed credit rating system shall be made applicable w.e.f. 01.10.2012, Pricing of interest shall also be made as per rating w.e.f. 01.10.2012. Till such time the rate of interest shall be applicable as per prevailing interest rate.

The appraisal teams and recommending authority shall sign the rating and final interest rate arrived at (based on rating) invariably and attach the sheet with the loan proposal.

The Benchmark rate shall be advised separately by the DGM(FMD).

All concerned are advised to take a note of above and ensure compliance with immediate effect.

(Yaduvendra Mathur) Chairman & Managing Director

Encl: As above.

Copy to:

- 1. All BOs/SOs/A&I
- 2. Standard Circulation at Head Office.
- Dy. General Manager (Operations).

RAJASTHAN FINANCIAL CORPORATION (CP&M Division)

CREDIT RATING AND PRICING OF INTEREST RATE

- 1. APPLICABILITY: Applicable for all loan proposals irrespective of loan amount and loan schemes.
- 2. PROCESS: Rating shall be made/worked out during the course of appraisal after obtaining all required documents and same shall be attached with the loan proposal.

3. PREREQUISITES FOR UNIFORM AND FAIR CREDIT RATING:-

S.No.	Particulars	Procedure to be followed
1.	The valuation of properties shown in net worth statement submitted by the promoters	The valuation shall be made on
2.	Investment in shares, Fixed Deposits, LICs etc., Capital investment in partnership and proprietorship concern shown in net worth	Book value shown in the audited / certified books of accounts/capital account of immediate preceding financial year shall be taken into consideration.
3.	Advance given/taken shown in net worth	As shown in the books/capital account shall be taken into consideration.
4.	The value of gold, silver, ornaments etc. and cash balance above Rs.50,000/-	Not to be taken into consideration as no evidence is available.
5.	Amount of income tax paid	Actual amount of income tax which is payable excluding the interest and excess tax deposited.
6.	Amount of loan taken from financial institution	The closing balance outstanding as on last day of immediate preceding year.
7.	Qualification & experience of the promoters	The documentary proof in support of qualification & working experience is required to be submitted by the promoters.
8.	Marketing arrangement	The documentary evidence is

		required in support of marketing arrangement and buy back of product.
9.	Sectorial default position	The industry wise exposure and default position at the end of immediate preceding financial year shall be taken into consideration. The same shall be provided by RRM Division on annual basis in the month of April.
10.	Consideration of existing outstanding	The existing outstanding shall be taken into account for the marks for the criteria No.1.4 &1.5.

Note: - 1. Two credit rating modules separately for Industrial Sector and Service Sector (including CRE) have been prepared.

- 2. Marks to be assigned to each criteria as per information and documents available. The percentage of marks obtained is to be calculated from total marks 100.
- 3. There is no place for using any discretion while allotting the marks.

RAJASTHAN FINANCIAL CORPORATION CRITERIA FOR CREDIT RATING SYSTEM OF PROMOTER AND PROJECT (SME PROJECTS)

S.No.	PARAMETERS	Assignable Marks	Maximum Marks	Marks Allotte
1 4				7
1	Availability of Security (Land & Building only)		15	T
	 (a) Total value of primary & collateral security is more than 150% of total loan amount (existing and proposed) 			
	(b) Total value of primary & collateral security is more than 100% and upto 150% of total loan amount (existing and proposed)			
	(c) Total value of primary & collateral security is more than 75% and upto 100% of total loan amount (existing and proposed)	8	·	
	(d) Total value of primary & collateral security is more than 50% and upto 75% of total loan amount (exist and proposed)	-1 1		
	(e) Total value of primary & collateral security is less the 50% of total loan amount (existing and proposed)	nan 0		
2	xpertise:			
 	(a) Qualified (Professional) & Experienced		6	
 	(b) Qualified (Graduate) & Experienced	6		
	(c) Our ified (Professional) & Experienced	5		
 	(c) Qualified (Professional) & Inexperienced	4		
	(d) Qualified (Graduate) & Inexperienced	3		
 	e) Qualified (Below graduate) & Experienced	3		
	e) Unqualified but Experienced	2		
	(f) Unqualified & Inexperienced	0		
3	xperience			· · · · · · · · · · · · · · · · · · ·
			6	
	a) Experience in the similar line for more than 3 years with satisfactory record	6		
	b) Experience in similar line for less than 3 years	4		
-	c) Experience in other line for atleast two years	2		
	d) No experience	0		
4	otal networth of all the promoters		- 10	
	More than 150% of the total exposure including	10	10	
-	existing loan, if any From 100% to 150% of the total exposure including existing loan, if any	7		
	From 50% to 100% of the total exposure including existing loan, if any	4		
	From 25% to 50% of the total exposure including existing loan, if any	1		
(Less than 25% of the total exposure including existing loan, if any	g 0		<u> </u>

, l						
	5	Qu	antum of Income Tax Paid by the Promoters		5	
	•	(a)	Aggregate of amount of Income Tax paid by all the	5		
-	1		promotors during preceeding AY is above 1% of the	!	1	
Į.			total exposure including existing loan, if any			
		(b)	Aggregate of amount of Income Tax paid by all the	3		
			promotors during preceeding AY is above 0.75% and		1	
•		1	upto 1% of the total exposur a including existing loan.	i		1
1		1	if any		,	
-		+				
]		1(0)	Aggregate of amount of Income Tax paid by all the	2		i
ĺ	- 1		promotors during preceeding AY is above 0.50% and] .	
•	İ		upto 0.75% of the total expressure including existing		1	ľ
· L			loan, if any		<u> </u>	_1
		(d)	Aggregate of amount of Income Tax paid by all the	0		
ŀ	[promotors during preceeding AY is less than 0:50% of			
	İ	1	the total exposure including existing loan, if any			
			distribution of the state of th		1	1
<u> </u>	-	1			 	
	6	Pas	st dealings of the applicant concern/ Associated		10	<u> </u>
	•		ncern financed by the corporation		"	1
<u> </u>			Platinum/Gold Card holder of the Corporation	10	 	+
j .	•		Continuously Standard Account exceeding three	8		
ĺ		(0)		0		
⊢		+	financial years		ļ	
		(c)	Continuously Slandard Account more than two	6	1	i
			financial years and upto three financial years			
İ		(d)	Continuously Standard Account more than one	4		
			financial years and upto two financial years			
· [(e)	Existing borrower of the Corporation and having	2		
			association upto one financail year		İ	1
		m	Others	0	· ·	1
. :		1				
	7	Pas	it deal ngs of the applicant concern/ Associated	· · · · · · · · · · · · · · · · · · ·	6	
			ncern with other FIs (Term Loan & Credit Facility only)		"	1
⊢	- 				<u> </u>	
			Good track record with assocoation for more than	6		1
	I .		three financial years			1
<u> </u>						
		(b)	Good track record with association for more than two	4		
		(b)	finanial year and upto 3 financial years	4		
-		(b)		2		
		(c)	finanial year and upto 3 financial years Good track record wth association more for than one financial year and upto 2 financial years			
- -		(c)	finanial year and upto 3 financial years Good track record wth association more for than one		·	
- -		(c)	finanial year and upto 3 financial years Good track record wth association more for than one financial year and upto 2 financial years	2		
- - -	8	(b) (c) (d)	finanial year and upto 3 financial years Good track record wth association more for than one financial year and upto 2 financial years Others	2		
- - - - -	8	(b) (c) (d)	finanial year and upto 3 financial years Good track record wth association more for than one financial year and upto 2 financial years Others ation of the unit and site suitability	2	8	
- 	8	(b) (c) (d) Loca (a)	finanial year and upto 3 financial years Good track record with association more for than one financial year and upto 2 financial years Others ation of the unit and site suitability Unit located in the area having infrastructure facilities	2	8	
- - - - - -	8	(b) (c) (d) Loca (a)	finanial year and upto 3 financial years Good track record wth association more for than one financial year and upto 2 financial years Others ation of the unit and site suitability Unit located in the area having infrastructure facilities and market potential	0 8	8	
	8	(b) (c) (d) Loca (a)	finanial year and upto 3 financial years Good track record wth association more for than one financial year and upto 2 financial years Others ation of the unit and site suitability Unit located in the area having infrastructure facilities and market potential Located in upcoming area	2 0 8 4	8	
- - - - - - - - - - - - - 	8	(b) (c) (d) Loca (a) (b) (c)	finanial year and upto 3 financial years Good track record with association more for than one financial year and upto 2 financial years Others ation of the unit and site suitability Unit located in the area having infrastructure facilities and market potential Located in upcoming area Places without infrastructure facilities/potential	0 8	8	
	8	(b) (c) (d) Loca (a) (b) (c)	finanial year and upto 3 financial years Good track record wth association more for than one financial year and upto 2 financial years Others ation of the unit and site suitability Unit located in the area having infrastructure facilities and market potential Located in upcoming area	2 0 8 4	8	
- - - - - - - - -		(b) (c) (d) Loca (a) (b) (c)	finanial year and upto 3 financial years Good track record wth association more for than one financial year and upto 2 financial years Others ation of the unit and site suitability Unit located in the area having infrastructure facilities and market potential Located in upcoming area Places without infrastructure facilities/potential market/ slow moving area/isolated area	2 0 8 4	•	
	8	(b) (c) (d) Loca (a) (b) (c)	finanial year and upto 3 financial years Good track record with association more for than one financial year and upto 2 financial years Others ation of the unit and site suitability Unit located in the area having infrastructure facilities and market potential Located in upcoming area Places without infrastructure facilities/potential market/ slow moving area/isolated area	2 0 8 4 0	8	
		(b) (c) (d) Loca (a) (b) (c)	finanial year and upto 3 financial years Good track record with association more for than one financial year and upto 2 financial years Others ation of the unit and site suitability Unit located in the area having infrastructure facilities and market potential Located in upcoming area Places without infrastructure facilities/potential market/ slow moving area/isolated area nnology and Supplier Proven technology & equipments being supplied by	2 0 8 4	•	
		(b) (c) (d) Loca (a) (b) (c)	finanial year and upto 3 financial years Good track record with association more for than one financial year and upto 2 financial years Others ation of the unit and site suitability Unit located in the area having infrastructure facilities and market potential Located in upcoming area Places without infrastructure facilities/potential market/ slow moving area/isolated area	2 0 8 4 0	•	
		(b) (c) (d) Loca (a) (b) (c) Tech	finanial year and upto 3 financial years Good track record with association more for than one financial year and upto 2 financial years Others ation of the unit and site suitability Unit located in the area having infrastructure facilities and market potential Located in upcoming area Places without infrastructure facilities/potential market/ slow moving area/isolated area nnology and Supplier Proven technology & equipments being supplied by reputed / known supplier	2 0 8 4 0	•	
		(b) (d) (d) (a) (b) (c) (e) (a) (finite of the content of the cont	finanial year and upto 3 financial years Good track record with association more for than one financial year and upto 2 financial years Others ation of the unit and site suitability Unit located in the area having infrastructure facilities and market potential Located in upcoming area Places without infrastructure facilities/potential market/ slow moving area/isolated area nnology and Supplier Proven technology & equipments being supplied by reputed / known supplier Proven technology but new supplier	2 0 8 4 0	•	
		(b) (c) (d) Loca (a) (b) (c) Tech (a)	finanial year and upto 3 financial years Good track record with association more for than one financial year and upto 2 financial years Others ation of the unit and site suitability Unit located in the area having infrastructure facilities and market potential Located in upcoming area Places without infrastructure facilities/potential market/ slow moving area/isolated area nnology and Supplier Proven technology & equipments being supplied by reputed / known supplier	2 0 8 4 0	•	

10) N/I-	arketing & Scope for the product	 	<u> </u>	
+ ''	IVI	arketing & Scope for the product		8	
1	(a	Unit is existing one and having 100% buy back	8	· ·	
+	-	arrangement for its product			
	(b)	Already in Line & having sufficient demand/Bookings	5		
_		in hand	f		
1	(C)	Experienced in Line but Bookings to be done /market	2		
	- 1	Ito be developed	-		ļ
	(d)	Not having experience of the line & no concrete	<u></u> + 		
1		markrting strategy	1	ľ	
	\top		 	-	-
11	De	terioration / obsolescence of plant & machinery of the	 	 	
	pro	posed project		4	
		Slow deterioration	 		
		Moderate deterioration	44		
\vdash			2		
 	100	High deterioration	0		
12	-				
12	1260	ctorial default position		8	
├─		No default	8		
	(b)	Above 75% of similar assisted unit regular in	6	1	1
		repayment	_	İ .	- [
	(c)	From 50% but upto 75% of similar assisted unit	4	 `	-
		regular in repayment	,		
	(d)	From 25% but upto 50% of similar assisted unit	2	 	+
		regular in repayment	2	1	İ
	(e)	Below 25% of similar assisted unit regular in	0	<u> </u>	
	1. (repayment	U	1	
	1			 	
13	Sale	es variations in existing concern/sister concern(s)		<u> </u>	
	(2)	Increasing trend for the preceeding 3 years		5	
	(b)	Stagnant for preceding three years	5	<u>.</u>	
	1/6/	Declining trond for any and live 9	2	ļ 	
	116/1	Declining trend for preceding 3 years	0		
1.4	14/0-	Nin- O - 3-1			
14	VVOI	king Capital arrangements		4	
	(a)	The concern already enjoying working capital facilities	4	-	
		with bankers/RFC and proposes to enhance for which			
		sufficient collateral security is available			
	(b)	The concern proposes to avail working capital	2	<u> </u>	┥ —
	:	facilities from bankers/RFC for which sufficient	-		
	[[collateral security is available or unit proposing to	į		1
	l li	undertake job work.			1
		The concern proposes to avail working capital			
) f	acilities from bankers/RFC but has not submitted	0		1
		any proof in support of collateral security.			
	⁶	in support of collateral security.			
					1
		OTAL		100	
15	NEG.	ATIVE MARKING			
	W	Whether any benefit by way of waiver of penal	40		
),	nterest/interest and reschedulement, OTS benefit	10	10	
	"	vailed from RFC/Banks	ļ		
		let Total	[·	
		191 111131 \$			

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<u> </u>	CREDIT BATING ON THE BASIS OF THE		<u> </u>	
	CREDIT RATING ON THE BASIS OF MARKS			
 	OBTAINED			
+ -		Rating	ROI	
+	Above 85%	AAA	BR-0.50	
 - -	75% To 84%	AA	BR-0.25	
	65% To 74%	Α	Benchmark	
+			Rate	
	55% TO 64%	BBB	BR+0.50	
	45% TO 54%	BB	BR+1.00	
 _ _ _ _ _ _ _ _ _ _	Less than 45%	No fi	nancing	
	ROI = Rate Of Interest			· · · · · · · · · · · · · · · · · · ·
	BR= Benchmark Rate			
		T		
	Rate of Interest - Scheme-wise			
				·
	1 All Good Borrower Scheme(except Flexi Loan Scheme)	As per Rati	ng	
	2 General Loan Scheme (Industrial manufacturing units)	As per Ratii	ıg ·	
	3 Saral Scheme (Industrial manufacturing units)	As per Ratir	g+1.00	
	FAAS (Industrial manufacturing units)	As per Ratir	g+2.50	-
	Top-up & Flexi Loan Scheme for existing borrower	No Rating -	ROI as	
		_	xisting loan	
	<u> </u>	or Benchma	rk rate	
		whichever is	higher	
		•	1	[
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RAJASTHAN FINANCIAL CORPORATION

CRITERIA FOR CREDIT RATING SYSTEM OF PROMOTER AND PROJECT (SERVICE SECTOR)

S.N		IDADAMETERS			
- S.IV	O. ——-	PARAMETERS	Assignable Marks	Maximum Marks	Marks obtain
1 4				marko	ODIGIT
1 1	-	vailability of Security (Land & Building only)		15	
	(6	a) Total value of primary & collateral security is more	15		
		Ithan 150% of total loan amount (existing and	-		į
┿	_ _	[proposed]			
	(t	o) Total value of primary & collateral security is more	12		
	- 1	than 100% and upto 150% of total loan amount	i - 1		
┿		(existing and proposed)			ł
1	(c	Total value of primary & collateral security is more	8		
1		than 75% and upto 100% of total loan amount			
- 	+	(existing and proposed)			
	(d) Total value of primary & collateral security is more	4		
		than 50% and upto 75% of total loan amount (existing			
┦—		and proposed)	ļ	l	
	(e) Total value of primary & collateral security is less than	0		
		50% of total Ican amount (existing and proposed)		i	
2		pertise:		6	
 	(a)	Qualified (Professional) & Experienced	6		
+ -	(0)	Qualified (Graduate) & Experienced	5		
	(4)	Qualified (Professional) & Inexperienced	4		
 	(u)	Qualified (Graduate) & Inexperienced	3		·
<u> </u>	(e)	Qualified (Below graduate) & Experienced	3		
ļ	(e)	Unqualified but Experienced	2		
<u> </u>	10	Unqualified & Inexperienced	0		
3	Evr	Derience			
		Experience		8	
	(a)	Experience in the similar line for more than 5 years	8		
	/b)	and completed minimum 5 similar projects			
	(0)	Experience in similar line for more than 3 years and	5		
		upto 5 years and completed minimum 3 similar projects			
	(0)				
	(6)	Experience in similar line for upto 3 years and	2		
	(4)	completed minimum 1 similar project			
	(4)	No similar experience	0		
4	Tota	I potugeth of all the			
	(2)	Inetworth of all the promoters		10	
	(9)	More than 150% of the total exposure including existing loan, if any	10		
- ,-	/b)	From 1009/ to 1509/ of the state			
	(6)	From 100% to 150% of the total exposure including	7		
	(6)	existing loan, if any			
	(6)	From 50% to 100% of the total exposure including	4		
		existing loan, if any			
	(0)	From 25% to 50% of the total exposure including	1		
		existing loan, if any			
]	(e)	Less than 25% of the total exposure including	0		
ł	Į (existing loan, if any		!	

	+ -	 _	T D 111 11 D	 		
	5		antum of Income Tax Paid by the Promoters	.	5	
		(a)	Aggregate of amount of Income Tax paid by all the	5		
			promotors during preceeding AY is above 1% of the			1
			total exposure including existing loan, if any	1		
		(b)	Aggregate of amount of Income Tax paid by all the	3		
	1	``	promotors during preceeding AY is above 0.75% and			
			upto 1% of the total exposure including existing loan,	1	1	
		1	if any	1		-
	+	(c)	Aggregate of amount of Income Tax paid by all the	2		
	İ	10	promotors during preceeding AY is above 0.50% and	-		
		1				ļ.
			upto 0.75% of the total exposure including existing	1		i
	ļ	1	loan, if any	ļ <u> </u>		
		(d)	Aggregate of amount of Income Tax paid by all the	0	'	
	}		promotors during preceeding AY is less than 0.50%			
			of the total exposure including existing loan, if any			
		-				
	6	Pas	t dealings of the applicant concern/ Associated		10	
			ncern financed by the corporation			1
		(a)	Platinum/Gold Card holder of the Corporation	10		
		(b)	Continuously Standard Account exceeding three	8		
	1	` ´	financial years		1	ĺ
	1	(c)	Continuously Standard Account more than two	6	1	
	İ	`	financial years and upto three financial years	-	1	1
	1	(d)	Continuously Standard Account more than one	4	 	+
		 `¯′	financial years and upto twofinancial years	•		
	 	(e)	Existing borrower of the Corporation and having	2		
		``'	association upto one financial year	_		
	+-	(f)	Others	0	+	
	-	44	Onera	U	+	
	7	Pas	t dealings of the applicant concern/ Associated		6	+
	'	ŀ	cern with other FIs (Term Loan & Credit Facility only)			
	 		Good track record with association for more than	6		ļ
			three financial years	O		
	 				 	-
			Good track record with association for more than two	4		
	 		financial year and upto 3 financial years			
			Good track record wth association more for than one	2	1	
			financial year and upto 2 financial years		ļ	
	<u> </u>	(d)	Others	0		1
	8	1.000	ation of the unit, sile suitability and marketability		25	1
	├─┤		Unit located at prime location / saturated area (heart	25	40	-
			of city) having infrastructure facilities and market	20		
					1	
	 		potential (fully developed area)		 	
	[[Unit located at prime location having infrastructure	18	•	
			facilities and market potential (fully developed area)			
			Located in upcoming area and having less	10		
			marketability(developing area)		<u></u>	
			Places without infrastructure facilities/potential	0		
		[:	market/ slow moving area/isolated area (undeveloped	•		1
			area)		ł	
-					 	

9		ctorial default position		10	T
		No default	10	 	
	(b)	Above 75% of similar assisted unit regular in	8		†
	ļ	repayment			
	(c)	From 50% but upto 75% of similar assisted unit	6	- 	
	1	regular in recayment		1	
	(d)	From 25% but upto 50% of similar assisted unit	3	 	
		regular in repayment	Ĭ	Ì	
	(e)	Below 25% of similar assisted unit regular in	0		
İ		repayment			}
				- 	-
10	Sal	es variations in existing concern /sister concern(s)	- 	5	-
	(a)	Increasing trend for the preceeding 3 years	5		
	(b)	Stagnant for preceding three years	2		 -
1		Declining trend for preceding 3 years	$\frac{1}{0}$		
 	1 3/	proceeding a years			
	1	TOTAL	- 	400	
				100	1
1	1 NE	GATIVE MARKING		_	
+	1 -	Whether any benefit by way of waiver of penal	- 		
		interest/interest and reschedulement, OTS benefit	10	10	
		availed from RFC/Banks			
 	+	Net Total			
┼	+	Net Total			
 	1—	COCOL DATING ON THE PAGE OF THE	- 		
ļ		CREDIT RATING ON THE BASIS OF MARKS	- [
ļ	+	OBTAINED			
ļ	╂		Rating	ROI	
ļ		Above 85%	AAA	BR-0.50	
		75% To 84%	AA	BR-0.25	
ĺ		65% To 74%	Α	Benchmark	
	4			Rate	
1		55% TO 64%	BBB	BR+0.50	
			1		
		45% TO 54%	BB	BR+1.00	
L		Less than 45%		nancing	
				, and a second	
		ROI = Rate Of Interest			
		BR≃ Benchmark Rate			
				+	
		Rate of Interest - Scheme-wise	 		
	 				· -
 -	1:	Service Sector projects (Service Sector other	As per Rati	ing+0.50	
1	1 1	than CRE)	Los bei Mati	a . o.o.	
		and the same		`	
	1	Saral Scheme (Service Sector other than CRE)	A	14.55	
			As per Rati	ing+1.50	
	3 1	FAAS (Service Sector other than CRE)	As per Rati	ng+3.00	-
	4	CRE Projects (including FAAS)	As per Rati		·
		Top-up & Flexi Loan Scheme for existing	No Rating -		
		borrower ((Service Sector other than CRE)		existing loan	
		man one			
			1	ark rate plus	
			0.50 which	ever is	
i		-	higher	1	

-