

SCHEME FOR FINANCING SERVICE SECTOR

In view of an opportunity available in financing existing service sector projects like hotel/hospital/education institute those have track record of operation of three years, have cash flow imbalances but having good security may be considered for financing. It is proposed to make a scheme of financing such service sector companies operating in Rajasthan.

1. Eligibility criterion:

- The project should be located in Rajasthan.
- The company should be in production/operation for the last three years.
- The company should have been borrower of financial institution / bank for a minimum period of 4-5 years.
- The loan account of the borrower should not have been classified as NPA.

2. Security:

The term loan shall be secured by the following securities:

- Exclusive first charge on fixed assets of the unit i.e., land, building, plant & machinery, etc.
- Collateral security wherever considered necessary to cover the term loan in the form of immovable property.
- Personal guarantees of the promoters/directors.

3. Security Coverage :

Minimum 2.0 times of the proposed term loan.

4. Valuation of security:

For Hotels/ Hospitals/ education institute service sector projects, the valuation of the land and building shall be done as per the fair market value. While for plant & machinery and other MFA, the written down value of these assets shall be considered.

5. Rate of Interest:

Prevailing rate of Interest

6. Repayment period:

Total repayment period shall not be more than 8 years including moratorium period of six months.

7. Application and Documentation Fee:

The term loan application shall be deposited alongwith application fee @0.1%of the loan amount. The Company shall require to pay service charges @0.40% of the sanctioned amount of term loan before issue of Letter of Intent.

8. Managing Director will be authorised to make changes in the scheme as per requirements.