

## MANNUAL IV

### **The norms set by the Corporation for the discharge of various key functions:**

The norms of different functions of the Corpn. are given as under :

#### **SANCTION: Loan Sanction Norms (upto Rs.5.00 Cro. other than construction)**

- i. Debt Equity Ratio should not be normally less than 1:1
- ii. Security Debt ratio should not be normally less than 2:1
- iii. DSCR should not be normally less than 2:1
- iv. Repayment period to be kept normally between 5 to 7 years including gestation period of 12 months.
- v. Security margin for loan disbursement purpose is not kept less than 20%
- vi. Proposals of Credit rating less than B + are not considered.  
Detail guidelines are available at website of the Corpn.

#### **(1) CATEGORY - A (Financed by the Corporation)**

Following type of units would fall under this category:-

- i. It is an existing unit for atleast last 5 years and financed by the Corporation.
- ii. It has repaid atleast 50% of loan availed from the Corporation in the past.
- iii. It has earned profit in 3 years out of last 5 years of which audited account are available.
- iv. It does not have accumulated losses in last financial year as per audited account.
- v. It is not in default to any Bank/Financial Institution.

Under this category, the Corporation can consider proposal for the proposed project with a Debt Equity ratio of 2 # 1 considering 100% of cost of proposed plant & entire depreciated cost of existing plant & machinery in security.

#### **(2) CATEGORY B: (Not financed by the Corporation)**

Following type of units would fall under this category:

- i. It is an existing unit for atleast 06 years.
- ii. The proposed project of unit/co. is in related activities i.e. forward/ backward Integration, Expansion and Modernizing etc. or diversification.
- iii. It has earned net profit in 4 years out of last 6 years of which Audited Account are available.
- iv. It does not have accumulated losses in last financial year as per Audited Account.
- v. It is not in default to any Bank/Financial Institution.

Under this category, the Corporation can consider proposal for the proposed project with a debt Equity ratio of 2 : 1 with over all Debt Equity of 1 : 1. The security Debt ratio in such cases should be taken atleast to 2:1 considering 100% of cost of proposed plant & entire depreciated cost of existing plant & machinery in security wherever available.

### (3) CATEGORY C:

Following type of units would fall under this category:-

- i. It is a venture of 1st generation entrepreneur.  
OR
- ii. The unit is promoted by experienced promoter in unrelated area.  
OR
- iii. Profit working units not covered in category A & B as described above.

Under this category, the Corporation can consider proposal for the proposed project with a Debt Equity ratio of 1 : 1 (with pver all Debt Equity of ! : 1). The Security Debt ratio in such cases should be taken atleast to 2.5:1 considering 100% of csot of proposed plant & machinery for para i & ii as mentioned above in security & poposed plnat and machinery and entire depreciated cost of existing plant & machinery for para iii as mentioned above in security.

### (4) Valuation of land for the purpose of security:

To avoid the subjectivity factory and bring more objectivity and transparency in valuation it has been decided that for the purpose of security debt ratio we may consider the value of land as per prevalent circle rate/Govt. auction rate/land rates fixed by the local authorities/land rates fixed by Industrial Development authorities such as Noida, Greater Noida, UPSIDC etc. applicable in that area.

### (5) Additional Collateral Security.

For cases of I/T sector/ITES sectory / Electronic items / machines where technological obsolescence is very fast / furniture/fixtures/Interior decorative items for Hotels/Dies & Moulds/Furnances/Chemical plants/any other machine item in which probability of recovery is not good, collateral security to the extent of loan amount against these items may be taken. In such cases security debt ratio norms fixed in any category of unit shall not be applicable and will depend upon merit of the case.

### **DISBURSEMENT: Loan Disbursement Norms**

- i. Security based disbursement.
- ii. Normal capital raising condition of 75% to 100% of the promoters contribution is required before disbursement.
- iii. Disb. is made only after verification of security / assets created at mortgaged site in stages.
- iv. All assets should be insured.

## **RECOVERY.**

The norms related to recovery is given below:

i. **Reschedulement:**

Details norms are available at website of the Corpn.

ii. **Rehabilitation Norms:**

Rehabilitation package is prepared normally as per norms / guidelines of RBI applicable to sick SSI/ Medium Scale Units. Main norms of rehabilitation are available at website of the Corpn.

iii. **Sale under section 29 of SFCs Act:**

Sale policy containing norms and rules of sale u/s-29 of SFCs Act is available at website of the Corpn..

iv. **One Time Settlement Scheme:**

Norms are given in OTS policy , available at website of the Corpn.

