

EQUIPMENT FINANCE SCHEME [EFS]

1. Scope of the Scheme

The Scheme will cover assistance for purchase of Capital goods / Equipment by existing units with good track record.

2. Purpose

Assistance under the scheme will be for purchase of identifiable item of plant and machinery and other equipments including energy saving systems for modernisation / expansion / replacement. Machinery / Equipments imported directly will also be eligible.

3. Eligibility Criteria

Assistance under the scheme will be available to existing industrial concerns having a good track record of performance and sound financial position. Specifically, concerns should:-

- Have been in operation for atleast last 3 years.
- Have earned cash profits and / or declared dividend on equity shares during the preceding two financial years and;
- Not be in default to institution / banks in the payment of their dues.
- Have positive net worth during the last three years.

4. Level of Assistance

Assistance under the scheme may cover upto 85% of the cost of Capital goods / equipment to be acquired, subject to an overall ceiling of `100.00 lakhs. The borrower concern will have to meet the minimum of 15% of the cost of the equipment and also the allied expenditure out of own resource which shall be brought in as up-front before release of loan. The assistance under this scheme will be a minimum of `5.00 lakhs.

5. Rate of interest

The rate of interest would be based on the risk rating with minimum rate of interest at 13%.

Processing Fees shall be paid at the time of sanction as per Corporation's norms, the current processing fees being 1% of the laon sanctioned amount plus applicable service Tax

6. Repayment period

The repayment period of principal will range from 3 years to 5 years including a holiday period ranging from 3 months to 12 months. The borrower may be permitted to repay the interest and principal on a monthly basis [EMIs].



7. Security

For loans upto Rs.50.00Lacs

- Primary Security: - Loans granted under the scheme may be secured by way of hypothecation of capital goods / equipment financed.
- Personal guarantee of promoters/Directors, Institutional guarantee to be obtained
- Collateral security to the extend of 5% of loan amount sanctioned in the form of Fixed Deposit(Face value)/NSC/LIC Policy(Surrendered Value) for CAAA and CAA
- Collateral security to the extend of 15% of loan amount sanctioned in the form of Fixed Deposit(Face value)/NSC/LIC Policy(Surrendered Value) for CAA-- and CA

For loans above Rs.50.00Lacs

- Primary Security: - Loans granted under the scheme may be secured by way of hypothecation of capital goods / equipment financed.
- Personal guarantee of promoters/Directors, Institutional guarantee to be obtained
- Collateral security to the extend of 5% of loan amount sanctioned in the form of Fixed Deposit(Face value)/NSC/LIC Policy(Surrendered Value)
- Primary/Collateral security under this scheme shall be ensured by way of immovable property which may be waived where the CART rating is CAAA and CAA.

8. Sanctioning Authority

All loans upto Rs. 35.00 lacs under the scheme shall be sanctioned by the HOLCC and Board will be the sanctioning authority for loans above Rs.35.00 lacs.

Rating as per CREDIT APPRAISAL & RATING TOOL (CART)

❖ CAAA	_____	HIGHEST SAFETY
❖ CAA	_____	VERY HIGH SAFETY
❖ CAA—	_____	HIGH SAFETY
❖ CA	_____	ADEQUATE SAFETY
❖ CA—	_____	MODERATE SAFETY

