

ADVANCE AGAINST
RAILWAYS LETTER OF
CREDIT



PRODUCT FEATURE (LIMITS ASSESSED AGAINST LC)

- Target Group: Vendors (Suppliers/Contractors) of Indian Railway (IR) opting for LC payment.
- Nature of Facility: Working Capital Demand Loan.
- Assessment of Credit limit:
 - Scenario 1 : Customers not having any working capital limits from Banks/FI's.
 - Scenario 2 : Customer already having working capital facilities from us.
 - Scenario 3 : Customer having working capital limits from other Banks.

PRODUCT FEATURE (LIMITS ASSESSED AGAINST LC)

- Eligible Customers:
 - New Customers/units.
 - Existing customers already availing credit facilities from us.
 - Takeover of existing units from other Banks/FIs with satisfactory track record.
- Loan Amount: >Rs.10 lakhs to Rs.50 crores.
- Margin: 10% for working capital limits assessed against LC issued by Indian Railways.

PRODUCT FEATURE (LIMITS ASSESSED AGAINST LC)

- Interest Rate:
 - Units having CRA/CUE 1 to 5: MCLR + 150 bps.
 - Units having CRA/CUE 6 to 7: MCLR + 200 bps.
 - Units having CRA/CUE 8 to 10: MCLR + 250 bps.
- Collateral Security: All eligible loans to be covered under CGTMSE, borrower to bear the guarantee fee of CGTMSE. Otherwise, SARFAESI compliant collateral security, minimum upto 20% of limit sanctioned to be obtained.

PRODUCT FEATURE (LIMITS ASSESSED AGAINST LC)

- Disbursement: To be in tandem with the terms & conditions of LC (milestone basis) backed order from Railways.
- Repayment: Repayable on demand. Repayment and liquidation of WCDL facility will coincide with the milestone payment of LC.
- Unified Charges:
 - Rs.15,000/- + GST (limit >10 lakhs – 25 lakhs).
 - Rs.30,000/- + GST (limit >25 lakhs – 1 crore).
 - 0.50% of the loan amount + GST (limit >1 crore).
- Documentation charges: Rs.11,000/- + GST (limit >1 crore to 5 crores); Rs.22,000/- + GST (limit >5 crore to 50 crores)

PROCESS FLOW

- Indian Railways (IR) request for issuance of LC in favour of Contractor/Vendor.
- Sanction, Documentation, Disbursement, Monitoring and day to day operations of loans to Contractors/Vendors of Indian Railways will be at identified SBI branches.
- After completion of work as per the order, Customer (Contractor/Vendor) will submit Bills and documents to SBI branches (which has given advance against the Indian Railway LC).

THANK YOU

