



ಕರ್ನಾಟಕ ರಾಜ್ಯ ಹಣಕಾಸು ಸಂಸ್ಥೆ

1951ರ ರಾಜ್ಯ ಹಣಕಾಸು ಸಂಸ್ಥೆಗಳ ಕಾಯಿದೆ ಅನ್ವಯ ಸ್ಥಾಪಿತ

KARNATAKA STATE FINANCIAL CORPORATION

Established under the State Financial Corporations' Act, 1951



ಸಂಖ್ಯೆ : ಕ.ರಾ.ಹ.ಸಂ./ಪ್ರ.ಕ./

Ref. No. KSFC/H.O./ 1510 -I/2016-17/

ದಿನಾಂಕ :

Date.....02.12.2016...

CIRCULAR NO. 926

**Sub: Financing of concerns constituted as
Limited Liability Partnership (LLP)**

Requests have been received for financing units which are constituted as Limited Liability Partnerships duly Incorporated under the Limited Liability Partnership Act, 2008.

The subject was placed before the Board for its approval. The Board in its meeting held on 15/11/2016 has approved the proposal of financing of concerns constituted as Limited Liability Partnership (LLP).

Limit of Accommodation to LLPs : Clarification was sought from SIDBI if an LLP can be treated on par with Company under Section 26(I) of SFC's Act. SIDBI has clarified that LLPs could at present be covered only under Clause (II) of Section 26, according to which the maximum limit of accommodation for LLPs is Rs. 400.00 lakhs which can be enhanced to Rs. 800.00 lakhs with prior approval of SIDBI.

The important requirements/points that need to be ensured while processing applications made by LLPs and documentation by LLPs is given as **Annexure** to this circular and needs to be followed meticulously. They are in addition to the usual terms and conditions in vogue in the Corporation.


Executive Director - I

All the Departmental Heads/
DGMs/AGMs/Branch Managers,
All the Internal Audit Dept/Cells
All the General Managers (Circle 1 to 4)
Library

Executive Director - II - for Information
EA to MD - for Information

ಪ್ರಧಾನ ಕಛೇರಿ : ಕೆ.ಎಸ್.ಎಫ್.ಸಿ. ಭವನ, ನಂ. 1/1, ತಿಮ್ಮಯ್ಯ ರಸ್ತೆ, ಕಂಟೋನ್ಮೆಂಟ್ ರೈಲ್ವೆ ನಿಲ್ದಾಣದ ಹತ್ತಿರ, ಬೆಂಗಳೂರು-560 052
ದೂರವಾಣಿ ಸಂಖ್ಯೆ ಸಾಮಾನ್ಯ : 22263322 ಫ್ಯಾಕ್ಸ್ : 080-22250126 ಇ-ಮೇಲ್ : info@ksfc.in ವೆಬ್ : www.ksfc.in
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ANNEXURE

IMPORTANT POINTS / REQUIREMENTS TO BE ENSURED BY THE CORPORATION AT THE TIME OF APPRAISAL / DOCUMENTATION APART FROM USUAL TERMS AND CONDITIONS :

- 1) Limited Liability Partnership Agreement having minimum of two partners. Minor cannot become a partner, there is no limit and there may be any number of partners in an LLP.
- 2) Any individual, Limited Company, any LLP, non-resident foreign company or foreign LLP (subject to compliance of other requirements) can be a partner excluding Co-operative Society and Corporation sole.
- 3) Every LLP should have atleast two designated partners, one of whom should be a resident in India. Designated partners are responsible for compliance of the Act including filing any document, return, statement, etc and any other requirement as specified in LLP Agreement.
- 4) Details of Designated Partners with Name and Address along with DPIN (Designated Partners' Identification Number) should be collected.
- 5) Certificate of Incorporation issued by Registrar of Companies.
- 6) In the LLP Agreement the following would have to be verified:
 - i. Name of the LLP;
 - ii. Object clause with regard to proposed business which is being financed;



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- 11) If the LLP Agreement does not specifically authorise the Designated Partners for executing the loan documents, the loan documents shall be signed by all the partners.
- 12) If LLP Agreement provides for having common seal, the procedure for affixing the same shall be ensured.
- 13) The above are some of the important aspects which have to be noted. Further, all the clauses of the LLP Agreement have to be gone through in detail to ensure that no clause in the LLP Agreement would prejudicially affect the interests of the Corporation and also the recovery actions of the Corporation.
- 14) As per Section 34 (3) of the LLP Act, read with Rule 24 (3) of Limited Liability Partnership Rules, 2009, ("LLP Rules"), every limited liability partnership shall file Statement of Account and Solvency in Form 8 with the Registrar, within a period of thirty days from the end of six months of the Financial Year to which the Statement of Account and Solvency relates. A copy of the Annual Return and Statement of Accounts and Solvency filed by the LLP in the preceding Financial Year should be obtained during the currency of the Loan / facilities.
- 15) The LLP should be asked to keep the Corporation informed of any subsequent changes brought about in the name of LLP, Registered Office, change in partners and LLP agreement. A list of the partners should be obtained and updated every year.
- 16) The LLP should be registered with the Registrar of Companies (ROC). Incorporation certificate issued by Registrar of Companies to be obtained.



17) Upon incorporation, LLP will be treated as a body corporate and will be a separate legal entity distinct from its partners. It can have perpetual succession like a Company.

18) Where the Borrower is an LLP, necessary corrections may be incorporated in the security documents to be obtained. Such changes to be made in the party's description, body of the document wherever necessary and also in the last part for signature and sealing of the document.
