

CIRCULAR No.894

Sub: SMERA rating and extension of interest concessions.

Ref: (1) Circular No.890 dated 01.01.2010;

(2) Circular No.893 dated 22.01.2010.

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As you are aware, vide circular No.890 dated 01.01.2010 it was decided that the proposals particularly the Greenfield projects with an exposure of Rs.1.00 Crore and above should be referred to SMERA for rating. Further, vide Circular No.893 dated 22.01.2010 it was decided to extend interest concession of 0.5% for loans upto Rs.1.00 Crore and 1% for loans above Rs.1.00 Crore for highest rated projects by SMERA or any other rating agencies i.e., 'SE1A'.

In this regard, based on the feed back received from the operating levels, a note was placed before the Executive Committee in its meeting held on 09.02.2010. After detailed deliberations the EC has approved the following guidelines:

- (a) Not to make it mandatory to refer all the Greenfield projects of Rs.1.00 Crore and above for rating in CRE and tourism related activity projects as these projects are basically backed by sufficient immovable properties as security.
- (b) To extend interest concession of 0.5% for loans upto Rs.1.00 Crore and 1% for loans above Rs.1.00 Crore for Greenfield projects with ratings of Pr1 and Pr2 and Brownfield projects with ratings of SE1A and SE2A or equivalent ratings by other rating agencies.
- (c) To consider ratings from Pr1 to Pr5 in respect of Greenfield projects as bankable proposals and Pr6 to Pr8 as non-bankable proposals subject to complying with lending norms.
- (d) Similarly, in respect of Brownfield projects which are rated as SE1A, SE1B, SE2A, SE2B, SE3A and SE3B as bankable proposals subject to complying

with lending norms and SE1C, SE2C, SE3C, SE4A, SE4B, SE4C, SE5A, SE5B and SE5C as non-bankable proposals.

- (e) The above interest concessions are not applicable for tourism related activities like amusement parks, restaurants, travel and transport, tourist service agencies, hotels and restaurants, mobile canteen / catering, resorts, service apartments, CRE projects, corporate loans, privileged entrepreneur loans and loans sanctioned under JICA-LoC.

The above guidelines shall form part of the existing Lending Policy and is implemented with immediate effect.

The contents of this Circular shall be brought to the notice of all the concerned in your office / department.

Sd/-
MANAGING DIRECTOR

To:

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All ZMs / DGMs of Super 'A' Branches / IA cells
All Principal Officers / Section Heads in HO
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