



Ref:KSFC/HO/CMD/ED(F)/492/2010-11

Date: 27.07.2010

**CIRCULAR No.915**

Sub: Financing CRE sector – withdrawal of provision made in the Lending Policy for considering 30% of land cost in the cost of project under CBD.

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BPRF meeting for the FY 2010-11 was held at the Office of SIDBI at Mumbai on 19.07.2010. The said meeting was attended by the undersigned along with the EDs. In the meeting the exposure to the CRE sector by KSFC was reviewed and it was noted that the exposure is well within the limits of 20% of total loan outstanding. However, SIDBI has advised to explore the possibility of further reduction in percentage of exposure to CRE sector in the current year. Further, SIDBI has advised not to consider financing of land cost under the CRE sector as it contravenes RBI's directive in the matter.

Accordingly, all the branch managers and HODs at HO are advised to take note of the above and ensure that land cost is not considered for financing under the CRE sector. Further, in line with this decision, the provision made in the Lending Policy under CBD scheme for considering the land cost at 30% of the SR value as component in the project cost and financing other fixed assets upto 100% is withdrawn as it amounts to indirectly financing 30% of the land cost.

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

Sd/-

**CHAIRMAN & MANAGING DIRECTOR**

To:  
All BMs  
All ZMs / DGMs of Super 'A' Branches / IA cells  
All Principal Officers / Section Heads in HO  
All General Managers  
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Executive Directors - for information