



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./ED-II/RMD/೯೮/2022-23

ದಿನಾಂಕ : 22-12-2022
Date : 22-12-2022

CIRCULAR NO. 1029

Sub: External Rating for MSME Borrowers.

Ref: 1) Circular No.890 dated 01.01.2010

2) Circular No.894 dated 16.02.2010

3) Circular No.913 dated 26.07.2010

4) Circular No.975 dated 09.12.2013

At present credit rating by external agency is compulsory for all new proposals of Rs.150.00 lakh and above other than CRE cases. Credit rating from external agency is not required for CRE projects. However, recently the Regulating Authority has advised that no fresh ratings/credit evaluation shall be obtained from Brickwork Rating Agency. Accordingly, the Branches are advised not to refer proposal to Brick Work Rating Agency for getting external rating. The promoters are finding it difficult to get the external credit rating done in time due to limited coverage of Karnataka region by other rating agencies.

Further, as per the feedback received from the field level there are delays in getting external rating reports from rating agencies. In view of the above, it was suggested to examine the possibility of enhancing the existing limit of Rs.150.00 lakh for obtaining external rating.

Based on the information gathered from SIDBI, other SFCs and prevailing guidelines of RBI on credit rating, the existing policy of obtaining external rating is revised as below:

- The existing limit of obtaining external rating from accredited rating agency is revised from Rs.150.00 lakh to Rs.750.00 lakh.
- For green field projects with loan exposure of Rs.750.00 lakh and above the external rating is mandatory except CRE.

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ಪ್ರಧಾನ ಕಛೇರಿ : ಕೆ.ಎಸ್.ಎಫ್.ಸಿ. ಭವನ, ನಂ. 1/1, ತಿಮ್ಮಯ್ಯ ರಸ್ತೆ, ಕಂಟೋನ್ಮೆಂಟ್ ರೈಲ್ವೆ ನಿಲ್ದಾಣದ ಹತ್ತಿರ, ಬೆಂಗಳೂರು - 560 052.

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- c. The additional loan proposal exceeds Rs.750.00 lakh & above (including existing loan liability), the external rating is mandatory except CRE.
- d. In respect of existing units coming up with additional loans and if minimum 30% of earlier loans are not repaid or the loan account is rescheduled or the additional loan proposals are substantially much more than two times of existing exposure, in such cases if total liability (including proposed loan) is Rs.500.00 lakh and above obtaining external rating is mandatory.
- e. In case Project Clearance Committee (PCC) or loan sanctioning authority feels that for some genuine reasons, in such special cases, external rating may be obtained.
- f. For micro finance loan proposals, the existing system of obtaining external rating irrespective of loan amount is continued.
- g. Earlier, interest concessions / rebate was extended ranging between 0.5% to 1% for the top two rating by external agencies, the same has been discontinued vide Circular No.999 dated 24.01.2018.
- h. The other guidelines on fee structure, procedure for obtaining external rating and acceptability of rating grades as per the respective MoUs entered with external rating agencies and corresponding Circulars bearing No.890 dated 01.01.2010, No.894 dated 16.02.2010, No.913 dated 26.07.2010 & No.975 dated 09.12.2013 shall remain unaltered.
- i. All the rating proposals carried out by RMD department is to be verified and certified by concerned General Managers before placing the proposal to the Sanctioning Authority.

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.


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