CREDIT POLICY

Cir 223/2025

CREDIT POLICY

- **POLICY AND STRATEGIES**
- **Target markets**
- **Thrust areas and non thrust areas**
- Thrust areas include Agriculture sector, Industrial Sectors, MSME sector, Export segment, Other segments in Priority Sectors, and other sectors, which have growth potentials as identified by the Bank from time to time and also Infrastructure.
- The Non-thrust areas of lending include Commercial Real Estate, NBFCs other than HFCs, Capital Market, industries/sectors which do not have growth potentials

- **Definition of Startup :**
- **Upto a period of ten years** from the date of incorporation/registration (Pvt Ltd Co., Partnership & LLP)
- Turnover of the entity for any of the financial years since incorporation/ registration has **not exceeded Rs. 100 crore.**
- Entity is working towards innovation, development or improvement of products or processes or services, or if it is a scalable business model with a high potential of employment generation or wealth creation.

PRIORITY SECTOR ADVANCES

The categories under priority sector are as follows:

- Agriculture
- Micro, Small and Medium Enterprises
- Export Credit
- Education
- Housing
- Social Infrastructure
- Renewable Energy
- Others

CREDIT INFORMATION:

- **Credit Information Companies" for drawing of Credit Information Reports (CIRs) under Consumer (individual a/cs) and Commercial segments (other than individual a/cs)**
- M/s. TransUnion CIBIL Limited
- M/s. Experian Credit Information Company India Private Ltd. (ECICI)
- M/s. Equifax Credit Information Services Private Ltd. (ECIS)
- M/s. CRIF High Mark Credit Information Services Pvt. Ltd. (CHMCIS)

Credit Information Report (CIR)

- CIRs 3 digit score represents Probability of Default over one year horizon period.

The mapping of CIC scores and Internal Risk Grades are as under:

CIBIL/CRIF/Equifax/ Experian	Risk Grade	Risk Description
750 and above	CS: 1	Low Risk
749-700	CS: 2	Normal Risk
699-650	CS: 3	Moderate Risk
Below 650	CS: 4	High Risk

Criteria for drawing CIR from multiple Credit Information Companies (CICs) for consumer segment are as under

Sl. No.	Particulars	Report from one CIC	Reports from 2 CICs
		Limit up to	Limit above
I	Secured Loans		
(a)	Personal Segment		
(i)	Housing Loans	10 Lacs	10 Lacs
(ii)	Car loans	5 Lacs	5 Lacs
(iii)	Education loans	7.5 Lacs	7.5 Lacs
(iv)	All other secured loans	5 Lacs	5 Lacs
(b)	MSME Segment	10 Lacs	10 Lacs
(c)	Agri. Segment	3 Lacs	3 Lacs
(d)	All other loans	10 Lacs	10 Lacs
II	Unsecured Loans	Report 1 CIC	Report 2 CICs
(a)	Personal Segment		
(i)	Personal loans	1 Lac	1 Lac
(ii)	Education loans	4 Lacs	4 Lacs
(iii)	All other loans under Personal Segment	5 Lacs	5 Lacs

- For **Gold Loans**, only **one CIR** is required irrespective of quantum of the loan.
- For Loans to **Non Individuals (firms) CIR under Commercial Segment** to be obtained.
- In case, CIC score **of the borrower as per CIC Report (Consumer)** is less than 650, proposal **may be sanctioned as under:**

Sanctioning Authority	Permitting Authority
Upto RO Head CAC	Next Higher Authority
Above RO Head CAC	Respective CACs

- The Risk Grade/Credit score based delegation of powers shall not apply in case of COMMERCIAL SEGMENT.
- Further, if a score of -1 is displayed in the TransUnion CIBIL report, it shall be interpreted as the individual has no credit history available in the last 36 months

Canara Retail Grade

Applicable for all Retail Lending Schemes other than Canara Pension, EL,GL.

Scoring Band	Rating Grade	GradeDescription
> 95	CRG-Prime	Low Risk-I
> 80 ≤ 95	CRG-1	Low Risk-II
> 70 ≤ 80	CRG-2	Normal Risk
> 60 ≤ 70	CRG-3	Medium Risk
≤ 60	CRG-4	High Risk

- **RISK TIERS FOR RETAIL BORROWERS:**
- **Near Prime**, where CRG-3 (CIC score 730-681 where CRG not applicable)
- **Sub Prime** where CRG-4(CIC Score 300-680 where CRG not applicable)
- **Maximum ceiling prescribed for Near Prime & Sub Prime borrowers, to avoid concentration. Ceiling is:**
- **Near Prime : max.10%** of Retail loans sanctioned during the year (Trigger 9% CRG, 8% if CRG not applicable)
- **Sub Prime: max 5% of Retail loans** (Trigger : 4.5% for CRG applicable, 4% non CRG)

LENDING TO REAL ESTATE SECTOR

NON-COMMERCIAL REAL ESTATE SECTOR:

- All Housing Loans
- Loans to business entities for construction of their own office premises, for development of SEZs, for acquisition of units in SEZs.

NON THRUST AREAS:

COMMERCIAL REAL ESTATE (CRE) EXPOSURE:

- The funding will result in the **creation / acquisition of real estate** where the prospects for **repayment** would depend primarily on the **cash flows** generated by the asset.
- The primary source of cash flow (i.e. **more than 50% of cash flows**) for repayment would generally be **lease or rental payments or the sale of the assets** as also for recovery in the event of default.

Commercial Real Estate – Residential Housing (CRE-RH)

- Loans to builders/ developers for **residential housing projects** comprising of some **commercial space** (e.g. Shopping complex, school etc.) that **does not exceed 10% of the total Floor Space Index (FSI) of the project.(**FSI is total built up area in the site**)**
- Banks are **not permitted** to extend fund based or non fund based facilities to private builders **for acquisition of land** even as part of a housing project.
- For **individuals** who wish to purchase of plot for construction of house bank may lend for the same provided the **construction starts within 18 months.**
- The builder/developer/company would **disclose in the Pamphlets** / Brochures etc., the name(s) of the bank(s) to which the property is mortgaged and they would provide **No Objection Certificate (NOC)/** permission of the mortgagee bank for sale of flats / property, if required
- HLs extended to individuals for the **third housing unit onwards treated as CRE** as the borrower may be renting these units and repayment will be rental income.

Project Parameters – Commercial Real estate

- The maximum exposure to a particular project under Commercial Real Estate by the Bank shall **not exceed Rs. 500 Crore or 3.33 times of the Tangible Net Worth of the borrower** whichever is lesser.
- **DER :** Not more than **3 : 1**
- **Promoters' contribution : Minimum 50%** (25% equity/quasi equity, of which **equity min.17% and quasi equity maximum 8%**) and **25% margin** may be **advance money** if land is already purchased).
- If land is not purchased, **34% minimum equity** and maximum **16% quasi equity**.
- In case land is to be purchased **from Govt., Overall margin 40%** (28% equity capital, upto 12% Quasi equity.
- **DSCR : 1.50 (**1.25 in exceptional cases by sanctioning authority)
- **FACR: 2:1** (1.75 in exceptional cases by HO authorities)
- **Repayment period : 3 years** from DCCO in case of sale of Property. **7 years** from DCCO if repayment is out of lease rentals and **maximum 10 years including moratorium**

Branches / offices shall **obtain collateral security** (Residential / Commercial property) in addition to the primary security. The **Distress Sale Value** of collateral security **shall not be less than the loan amount**. (**less than 100% upto 75% by GM/CGM-HO-CAC**)

- All projects subject to **Project Appraisal. CRE-RH upto Rs.5 cr exempted**.
- **LTV monitoring on yearly basis** . LTV at any point of time should not be more than that accepted at the time of sanction.
- **Valuation to be done once in 3 years**. If a/c appears in **SMA 1**, shows any Early Warning Signals or any adversities affecting marketability of property, valuation shall be obtained **ONCE IN A YEAR.**
- No separate WC limits. **WC limits should be sub limit of Term Loan** and project specific.
- Adherence to **National Building Code (NBC) 2005**: applicable in respect of loans for construction of building **exceeding Rs.25 Crore**.
- The **National Disaster Management Authority (NDMA**) guidelines : For all types of Real Estate Exposures of **Rs.1 Cr. and above** including Housing Loans, finance to builders.

LENDING TO BORROWERS CLASSIFIED AS CAPITAL MARKET EXPOSURE

Maximum exposure by Bank (Solo basis and consolidated basis) to capital market **not to exceed 40% of bank's net worth** (as on 31st March of previous year) Solo Basis and also on consolidated basis.

- **Direct investment in shares**, bonds, Venture Captital funds not to exceed **20% of bank's net worth**.
- Credit facility shall be extended to **share and stock broking activities** only and not for any speculative purposes.
- **Margin 50% for OD facility** & CDB and
- **20% for intra day Adhoc Overlimit.**
- **OD against property : 40% margin**
- For other businesses: **No loans** against primary security of Shares & debentures. They can be **accepted as collateral security**.

Margin on advances / issue of guarantees against shares /Units of Mutual Funds:

- 50% (**25% If shares & debentures are in demat form**).
- In case of BGs for capital market operations, **minimum cash margin of 25%** is prescribed with in total margin of 50%.

- **Advances against units of Mutual Funds**: Linked to Net Asset Value(NAV) or Repurchase price or Market Value whichever is less.
- **Loans to Mutual funds:** Within the ceiling of **20% of the net asset** of the scheme and for a period **not exceeding 6 months**.

LENDING TO NBFCs: Statutorily Registered with RBI

- **Principal business of NBFC is defined as :** Aggregate of financing **real/physical assets supporting economic activity** and income therefrom is **not less than 50%** (of assets & income).
- **ASSET FINANCE COMPANIES :** Financing of physical assets supporting productive/economic activity. Not less than **60% of total assets** and income from physical assets.
- **Infrastructure Finance Companies :** A non-banking finance company which
- (a) deploys **at least 75 per cent** of its total assets in infrastructure loans;
- (b) has a minimum Net Owned Funds of **Rs. 300 crore**,
- (c) has a minimum credit rating of **'A 'or equivalent**; and
- d) **CRAR of 15%.**
- e) It accepts public funds.

Systemically Important Core Investment Company (CIC-NDSI):

- It holds not less than **90% of its Total Assets** in the form of investment in equity shares, preference shares, debt or **loans in group companies**.
- **Not less than 60% of its total assets - Equity shares of Group companies.**
- **Its asset size is Rs.100 cr and above**

Infrastructure Debt Fund (IDF – NBFC): To facilitate the flow of long term debt into infrastructure projects. It raises resources through issue of Rupee or Dollar denominated bonds of **minimum 5 year maturity**.

NBFC – Micro Finance Institutions (NBFC-MFI): NBFC having not less than **60% (reduced from 75%)** of its assets in the nature of **qualifying assets/Micro Finance Assets.**

NBFC – Factors:

- A non deposit taking NBFC engaged in the principal business of factoring.
- At least **50** percent of its total assets and its income derived from factoring business should not be less than **50** percent of its gross income.

Mortgage Guarantee Companies (MGC):

- At least **90%** of the business turnover is mortgage guarantee business or at least **90%** of the gross income is from mortgage guarantee business and net owned fund is **Rs.100 crore**.

NBFCs other than NBFC-MFIs: Can not extend Micro Finance Loans exceeding 25% of its total assets (enhanced from 10% to 25% during 2025)

NBFC Non Operative Financial Holding Company (NOFHC) is a financial institution through which promoter/group will be permitted to set up a new Bank

- **Total Borrowings of NBFCs restricted to:**
- 16 times of Net Owned Funds for NBFCs owned/controlled by Central/ State Govts.
- 12 times of NOF for AAA rated NBFCs
- 10 times of NOF for AA/A rated NBFCs
- 16 times of NOF for HFCs regulated by NHB

Minimum Asset Coverage Ratio for financing NBFC is 1.10 for NBFC-MFI and for other NBFCs : 1.25 (AAA rated:1.10; AA:1.15, A rated:1.20)

Asset Coverage Ratio = Assets/Total Outside Liability(TOL)

LENDING TO SOFTWARE :

- Margin on computer hardware, as well as fixtures and interiors (where applicable) shall be **40% to 50%.**
- The margins on computer hardware could be kept lower **at 25% to 30%** in cases where the vendor has provided guarantee for upgradation of the equipment or has entered into buy-back arrangement with the user unit.
- **Repayment** period for the TLs shall normally **not exceed 3/4 years**.

Scheme for financing producers of feature films :

- Producers who have a good track record for atleast **5 years** and are not defaulters with NFDC or any other financial institution.
- Our finance should **not exceed 35%** of the project cost. **Margin 65%** of which promoters 25% and 40% as advance from distributors

Bills discounting :

- Part of Working Capital Finance.
- Borrowers (corporates and other constituent) having sales turnover of **over Rs.50 crore shall disclose, "Ageing schedule"** of their overdue payables in their periodical returns/ statements submitted to the Bank.

- **Bills discounted under LCs (BULC) :** Treated as exposure on the LC issuing bank, if LC is issued by other Bank.

SHORT TERM CORPORATE LOAN (STCL) SCHEME :

- For business related purposes/short term cash flow mismatches.
- Only to parties with good track record & no overdues.
- For Indian Corporates to their Joint Ventures/WOS abroad, Within the **prudential cap of 20%** of the unimpaired **capital funds** (Tier I &Tier II) of the Bank as fixed by RBI]

SECURED STCL:

- **Secured Loan**.
- Maximum tenor: **12 months.**
- Rollover may be permitted only once for a maximum period of 06 months (with in max. tenor of 12 months).
- To be **availed with in 3 months from sanction.**

UNSECURED STCL :

- Only to Profit making PSUs and Government Organisations.
- **Max. tenor 6 months**.
- The loan sanctioned shall have to be availed within a maximum period of **30 days from the date of sanction** and in not more than **2 tranche**

CORPORATE LOAN SCHEME :

Secured **Medium Term Loan**.

- For All General corporate purposes, credit facilities to Indian Joint Ventures / Wholly Owned Subsidiaries abroad in terms of extant regulatory guidelines etc
- The maximum tenor of the loan granted under the scheme shall be **60 months**.
- Sanction by CAC of Board and above committee

CONSORTIUM ADVANCES:

- As far as possible meaningful participation is ensured by taking a share of **atleast 10%** of the total Fund Based limits. Co ordinated approach and sharing information. Sharing of prorata business.

MULTIPLE BANKING ARRANGEMENTS (MBA) :

- **Pari-Passu charge** over the security hypothecated shall be obtained.
- A quarterly exchange of information among the financing banks.
- CA certificate – Half yearly for compliance of statutory guidelines.
- Declaration about credit facilities enjoyed with other banks to be obtained duly **certified by Auditors**, at the time of fresh sanction/renewal/enhancement.

JOINT LENDING ARRANGEMENT (JLA) :

- Single borrower with aggregate credit limits (both Fund Based and Non- Fund Based) of **150 Crore and above** involving more than one Public Sector Bank.
- All non investment grade borrowers rated below BBB or equivalent irrespective of the amount of exposure.

Time frame for issuance of NOC / Pari-Passu letters and Ceding of charge in respect of consortium/ MBA:

- While granting additional facilities by existing Bank/new bank in consortium/MBA should communicate and complete NOC process **before disbursement**.
- **Lead Bank in consortium/Bank with Highest share in MBA** :
- To decide whether to cede paripassu charge or not:
- To conduct meeting with in 15 days of receipt of NOC request letter for creating paripassu charge.
- Next 30 days to take decision by lead bank and their sanctioning authority. **Total 45 days** from receipt of request letter by **lead bank.**
- **Other member Banks** can take another 30 days to get approvals from their Sanctioning Authority.
- **Hence, total period is 75 days to complete the process of ceding paripassu**.
- **Objection** by any member bank for NOC, to be communicated to other banks and borrower with in **15 days** of receipt of request letter

LOAN SYNDICATION:

- Bank shall obtain **a mandate from the project sponsor** and act as a Lead Manager / **Mandated Bank** to arrange credit on its behalf.
- Prepare an **information memorandum** based on the mandate, commercial terms and issue the same to the prospective lenders (banks) soliciting their participation in loan syndication.

SCHEME FOR FINANCING INDIAN COMPANIES FOR ACQUISITION OF EQUITY IN OVERSEAS COMPANIES

- Provided to high net worth top rated corporates (AAA/LR1, LR2) whose minimum **TNW shall be Rs.100 Crore** as per the latest ABS.
- **Loan quantum**: **Min. USD1 million**. Max: Twice the TNW of the company.
- Term Loan in INR/FC.
- **Max. repayment 60 months** (72months in exceptional cases by SA)

FOREIGN CURRENCY LOANS (FCLR) TO RESIDENTS :

- FCLR can be permitted in USD, GBP & in EURO.
- Other than PSUs, **collateral security 125% (for Moderate Risk A/cs)** of proposed FCLR
- The minimum loan amount should be equivalent to USD 150,000 in case of working capital loans/Term loans and
- equivalent to USD 50,000 in case of Short Term Import financing.
- **FCLR loans for liquidation of existing Rupee Term Loans** : If residual loan tenure is less than 5 years.

GRANTING OF FCLRs to NON BANKING FINANCE COMPANIES (NBFCs)

- To AAA rated NBFCs.
- Max.quantum per NBFC is USD 5 million.
- Repayment: WC:1 year and TL:3 years.

In OPLs NET MEANS:

- Fair: 10 to 25 lakhs,
- Good means 25 lakhs to 1cr.,
- Very Good: 1 to 10cr,
- Large 10 to 25cr,
- Very Large means: Above 25 crores

- **Secured OD:** Stock/Book Debt statements : once in 6 months

LENDING TO INFRASTRUCTURE INVESTMENT TRUSTS (InvITs)

Financing to InvITs is primarily **for acquiring promoter's stake**

- Bank finance should be restricted to **50%** of the finance required for acquiring the promoter's stake in the company being acquired.
- The Holding of the InvIT in the underlying assets should not be less than Rs.1000 crore and Net worth not less than **Rs1000 crores**.
- The aggregate exposure ceiling for financing InvITs has been fixed at **Rs.1000 crore** which is including of investment exposure.
- Within this ceiling, Individual InvITs may be financed upto a ceiling of Rs. ***100*** crore which is the prudential ceiling in respect of Society and Trust other than Educational Institutions and Hospitals.
- **Margin: 50%. DER: 1:1, DSCR: 1.50 (SA may accept 1.25)**
- Repayment : **Max 7 years**. No moratorium.
- For the purpose of capital adequacy, the risk weight applicable to Capital Market Exposure (CME) or that applicable to the counterparty, whichever is higher shall be applied (Basing on end use of funds – **for Infra or for capital assistance)** Cir 622/2023)
- The trust is required to invest a minimum of **80 per cent** of the value of InvIT assets **in completed & revenue generating infra assets** and not more than 10% of the value of the assets shall be invested in under-construction infrastructure projects, whether directly or through holding co or SPVs.

INTER BANK PARTICIPATION CERTIFICATES (IBPC):

- Period: **91days to 180 days** (with Risk sharing) **90 days** without risk sharing.
- IBPCs issued by Banks with minimum CRAR of 10% are eligible for subscribe to IBPC by our Bank.

CO-LENDING BY BANKS AND NBFCS (INCLUDING HFCs) TO PRIORITY SECTOR:

- Bank will take its share of the individual loans on a back-to- back basis in their books.
- **NBFCs shall be required to retain a minimum of 10 per cent share (earlier 20%)** of the individual loans on their books.

DIGITAL LENDING FRAMEWORK

- To provide /facilitate **end to end lending process under digital mode** for Retail, MSME & any other credit portfolio.
- Wherever banks engage digital lending platforms as their agents to source borrowers and/ or to recover dues, Names of digital lending platforms engaged as agents shall be **disclosed on the website of banks**.
- **Annual Percentage Rate**: the effective annualized rate charged to borrower of a digital loan. **All inclusive cost and margin**, including cost of funds, credit cost, operating cost, Processing fee, verification charges, maintenance charges etc.
- **Cooling off/Look up period**: the time window given to borrowers for exiting digital loans, in case a borrower decides not to continue with the loan.
- **Key Fact Statement (KFS)** to be provided to the borrower before the execution of the contract in a standardized format for all digital lending products. It should contain **Annual Percentage Rate (APR)** ie all-inclusive cost of digital loans
- **Default Loss Guarantee (DLG**) in Digital Lending: The total amount of DLG cover on any outstanding portfolio which is specified upfront shall not exceed **five per cent** of the amount of that loan portfolio.
- **Bank shall invoke DLG within a maximum overdue period of 120 days**

OPERATIONAL PROCESSES AND SYSTEMS

- In respect of all credit proposal of **Rs.1 Crore & above**, relationship and appraisal functions shall be segregated between the relationship officer and credit officer at Branch level at LCBs and ELB/ VLB

Submission of credit proposals by Large Corporate Branches (LCBs)

- CGM-CO-CAC power proposals to be submitted to **CO** and beyond CO powers to HO directly duly sending a copy to CO who will submit front sheet to HO with in 2 days.
- Similarly MCBs also to send to **HO directly** HO power proposals, with a copy to CO who inturn will submit front sheet with in 2 days to HO concerned wing.

Submission of credit proposals by branches falling under the sanctioning powers of Circle Office:

- To submit directly to CO with a copy to RO who will send front sheet within 2 days to CO.

Submission of credit proposals of MSME by branches:

- Beyond cumulative cut off limits of Rs 25.00 Lakh or branch delegated power whichever is less

PARTICIPATION IN BIDS / QUOTING OF RATES :

- Quotes (ROI / Commission) to PSUs, PSEs, Central Government Undertakings and State Government Undertakings :
- **ED: Upto Rs.300 crorres. MD: Beyond Rs.300 crores**

For availing Credit Facilities (fresh limits/additional / renewal) during FY (T),

  - Audited Balance Sheet (ABS) should be available for FY (T-2) during the period April to October and
  - Audited Balance Sheet (ABS) should be available for FY (T-1) during the period November to March.

- If the Financial statements (ABS) submitted are **more than 6 months old** at the time of submission of proposal for fresh limits/additional limits/renewal, **latest provisional financial statements** shall be submitted by the parties / borrowers.
- **ABS need not be obtained from borrowers seeking crop loans/other Ag Loans upto Rs.100 lakhs.**
- Above 100 lacs waiver by RO-CAC and above. Additional Risk Premium 0.25% above card rate.
- Financial statements (ABS, P&L) submitted by Companies to be verified with the Financial Statements of the company filed with **Ministry of Corporate Affairs (MOCA) website.**
- All documents provided by the Chartered Accountants should mandatorily contain UDIN and is verified with the ones uploaded in the **UDIN portal** of the Institute of Chartered Accountants of India(**ICAI)**.
- Further, in cases of proposals wherein the limits are **above Rs.5.00 crore**, a copy of the **passports of the Promoters**/ Promoter Directors and Guarantors are to be mandatorily obtained

Obtention of Legal Entity Identifier (LEI) code:

- **Non individual borrowers** enjoying aggregate exposure of **Rs 5 Crores** and above from Banks and Financial Institutions shall submit Legal Entity Identifier (LEI) Code **wef 30-04-2025**.
- **Report from Central Economic Intelligence Bureau** to be sought for exposures **above Rs.50 crore** in respect of all **prospective borrowers** and also wherever the borrowal account with an amount **exceeding Rs. 50 crores slips to NPA**.

Assessment of Group risk:

- **Key financials (Turnover, Net Profit, Leverage, TNW, Liquidity etc)** of major group concerns/companies including **JVs** having **holding above 30% of paid up capital** in all the accounts and also
- where **corporate guarantees** are stipulated
- **shall be incorporated in the office note.**

ASSESSMENT – WORKING CAPITAL

Turnover Method :

- **20%** of the **projected gross annual sales turnover** accepted by the Bank
- Minimum margin : **5%** or **available NWC** in the system whichever is **higher.**
- **CR: 1.25**

ACTIVITY	WC(FB) LIMIT
MSME(Mfg& Services)	Upto 5 Crore
Other than MSME	Upto 2 Crore
Traders, Merchants, Exporters, IT& Software, others etc.,	Upto 2 Crore

- However, **borrowers can opt for MPBF/Cash budget system** and Bank can employ it if the same is more suitable and appropriate for assessing their working capital needs.

MPBF System:

- Applicable to beyond cut off limits of Turnover method.
- **CR : 1.33**
- **Limits over 25 Cr can be assessed on the basis of MPBF system or Cash Budget system at the option of the borrower.**

CASH BUDGET SYSTEM :

- WC limits are assessed on the basis of **projected cash flow and the estimate of cash deficit**.
- Borrowers seeking / enjoying Fund based credit facilities of over **Rs.25 crore.**
- Specific industries / **seasonal activities** such as **software development, construction, tea and sugar**.
- Wherever for valid reasons, the borrower opts to avail the Working Capital facility under **MPBF system**, the same may be acceded to.
- Bank shall finance the **discounted Net Cash flow** in form of **Term Loan** not exceeding **3 years** to the entities having valid legal contract for receiving **definite cash flow from government entities or AAA** rated corporate or credit card receivables where **our bank POS machine is installed.**

Assessment of Working Capital limits for Construction companies:

WC limits generally should not exceed **9 times the Net Owned Funds (NOF)** of the entity.

Assessment for NBFCs : Under **Cash Budget Method.** Need not be linked to NOF.

Gold Card Scheme for Exporters – Stand by Credit Limit:

- To facilitate urgent credit needs-
- **20% over and above the assessed limits.**
- For a maximum of **2 times** only in a year
- for period **not exceeding 60/90 days** at a time.

Lending on the guarantee issued by other banks / FIs

- The borrower shall have satisfactory dealings with the Bank for at least **3 years**
- The guaranteeing bank should have a fund based exposure to the party to the extent of **at least 10% of the amount guaranteed.**

Liquidity & Current ratio norms

- The benchmark current ratio is a **minimum of 1.33 or 1.25** basing on methods of Assessment to which borrowers are eligible
- These norms **not applicable for WC to Schools, colleges, hospitals**, **nursing homes, hotels and restaurants, service providers, Infra projects** and **plantation**.
- Benchmark **CR not applicable for Sugar Industry**.
- Bank may obtain **quarterly cash flow statements** in respect of borrowers having working capital limits of **Rs.50 cr and above** from the Bank or **Current ratio is less than the prescribed norms** for monitoring.
- In case of large projects with total loan of **over Rs.250 Crore** & above from banking system, the bank shall stipulate a condition to the effect that cash flow of the company may also be monitored by an **approved / empanelled firm (Agency for Special Monitoring-ASM)**

QUICK RATIO:

- **Desirable level of Quick Ratio in respect of MSME borrowers** with total exposure **above Rs.10 Crores** (FB+NFB) &
- **Other than MSME Borrowers above Rs.50 crore**, as financial benchmark parameter and the same varies from 0.61 to 0.93 basing on type of industry.

Compliance to the sanction terms and conditions

- Certificate : NF482

Fixation of time schedules for working capital limits

- Maximum **period**/ tenability of Working Capital limits shall be **fixed at 12 months** irrespective of risk rating/ category excluding Staff ODC, GL OD, Crop Loan KCC, certain schematic lendings like **Doctor's Choice scheme**.

Putting through EMT/ Mortgage transactions

- First & Second extension by SA for **maximum 6 months**.
- 3rd extention onwards NHA (next higher authority) upto CO powers.
- Concerned SA at HO for HO power accounts

Loan System For Delivery Of Bank Credit (LSDBC)

- **Applicable** : Borrowers with FB WC limits of **Rs.150 cr** and above from Banking system
- Minimum level of 'loan component' **(WCDL) shall be 60 percent** of the FBWC limit. **Beyond this Cash Credit**.
- Minimum tenor of Loan component: **7 days**, max: permitted validity period of working capital limits
- Risk Weights for undrawn portion of cash credit limits – unconditionally cancellable or not attract **Credit Conversion Factor** of **20%**

Computation of Drawing Power

- Normally creditors arising out of purchase of goods / raw materials are deducted from stock value to determine drawing limit
- In exceptional cases, based on merits thereof, drawing limit can be determined **without deducting sundry creditors for goods** subject to permission from delegated authorities.
- Sundry creditors for goods upto the levels projected / accepted while arriving at MPBF need not be deducted from stock value to determine drawing limit.
- Beyond accepted level may be deducted from stock value.
- **CGM/GM-HO-CAC and above authorities may permit.**

TERM LOANS AND DPG/ BILLS CO-ACCEPTANCE FOR CAPITAL GOODS

Term Loans	All term loans with maturity in excess of one year
Medium Term Loans	Above one year up to 3 years
Long Term Loans	Above 3 years

- While considering **infrastructure proposals**, mechanisms like
- "**Escrow**",
- "Creation of **Debt Service Reserve Account**",
- Monitoring cash flows through "**Trust and Retention Account**" and
- Appointment of **lenders' independent engineers** etc.
- should be explored to ensure better access and control on project cash flows which will be utilized by way of documented **waterfall mechanism in the Escrow / TRA Account.**
- **Hybrid Annuity Model (HAM)** is one of the latest mechanism under **Public Private Partnership** (PPP) **to implement Road Projects** at an increased pace of awarding and construction by National Highway Authority of India **(NHAI).**
- HAM is a mix of the Engineering, Procurement and Construction (EPC) and Build, Operate, Transfer (BOT) models. · HAM combines 40% EPC and 60% BOT-**Annuity.**

Tail Risk :

- Repayment Period of Project Loan shall be fixed in manner that loan is fully completely liquidated within a **"Tail period" of 25%** in case of '**Non-Infra projects**' and **20% in case of 'Infra** and **core industries** projects'. While Fixing the repayment schedule it shall be ensured that 75% of the cash flow towards debt repayment falls within the 75% of the total repayment period envisaged leaving a tail repayment of 25% to be serviced at the end of repayment period
- Further, at the time of **restructuring** of the proposal, the tail period shall be **20% in case of 'Non-Infra projects'** and **15% in case of 'Infrastructure and core industries projects'**.
- Tail Period shall not to be insisted for road projects under **Hybrid Annuity Model** (HAM).

Reimbursement under Term Loans :

- **May be permitted upto 25% of the term loan or the quantum of investment by the borrower whichever is lower subject to fulfilment of following conditions:**
- The borrowers shall be rated as **Low Risk/Normal Risk**
- Only for payments made towards **plant & machinery** and not land & building or other miscellaneous fixed assets.
- The reimbursement shall be **claimed within 6 months** from the date of purchase.
- Certificate from chartered accountant as to the amount spent towards creation / acquisition of fixed assets.
- Bills, Stamped Receipts, Insurance etc to be ensured.

Guidelines with regard to conduct of project appraisal :

New Borrower project appraisal shall be applicable to proposed projects including infrastructure with project cost of **Rs 1000 lakh and above**.

Existing Borrowers :

Proposed Project : **For LR**(CNR I to V)/NR(CNR VI)/**BBB or better Rating** :

- **Project cost Rs.2000 lakhs and above if Borrower's dealing with us are 3 or more years,**
- **Project Cost Rs1500 lakh and above for less than 3 years dealings with us.**
- **Moderate Risk** CNR VII&CNR VIII/BB rating.: **Project Cost 1000 lakhs and above**

Proposals under Commercial Real Estate : **All projects** irrespective of Proposed project cost, **subject to Project Appraisal.**

- **CRE-RH upto Rs.5 crore :** Project appraisal not applicable**.**

AGRICULTURAL TERM LOANS shall be appraised by **Agricultural Innovation Centre (AIC), HO** on standalone basis.

- For **new customers** with Project Cost above Rs.**400** lakh
- For **existing customers** with Project Cost above Rs.**750** lakh

Validity of PAG/PAC/TEV/AIC Reports : 6 months. Revalidation permissible for 6 m.

- Irrespective of sanctioning authority, **Project Appraisal Cell (PAC) at Circles** shall conduct appraisal of Term Loan proposals as under :
    - **CGM/GM** headed Circles – **Project Cost upto Rs.100 Crore**.
    - **DGM** headed Circles - **Project Cost upto Rs.50 Crore**.
- Bank may utilize the services of externally empanelled TEV consultants in our Bank for appraisal of Term Loan proposals with Project Cost upto and including **Rs. 250 Crores**, which will be vetted by PAG.
- **Beyond Rs.250 crores, PAG at HO**.
- Services of empanelled TEV consultants who have Industry specific specialization may be accepted for appraisal of Term Loan proposals with Project cost more than Rs 250.00 Crores on a selective basis with due justifications.
- Authority for allocation to TEV consultants: Upto Circle Head Powers: Circle Head and HO power Accounts: Concerned Wing Head.

Approval of Project Apparaisal Report :

- DGM -CO (PAC/PFD at CO) .
- DGM (HO) for Appraisals of PAG, HO.

Annual Review of Term Loans:

- **TLs sanctioned by Circle Head CAC and above authorities**
- **Annual Review.**
- Standard, Std Restructured, NPA not marked for recovery accounts eligible.
- **All Retail Loans upto Rs.5 crores exempted.**

Financial/project benchmark parameters

Parameters	DER	DSCR	FACR	Repayment	Margin (% of PC)	IRR (PC 25cr&above
Transport Operators	3:1 (4:1)	Not less than 1.50		6y (Morator.3m)		
PC UPTO 100 lacs	4:1	<=1.50	1.33 (1.20)	7y (incl. morat.10Y)	Min20%	
PC above 100 lacs	3:1 (4:1)	1.50 (1.40)	1.33 (1.20 CO) (1.25 RO)	7-10y (incl. morat.12Y)	Min20%	4% above WACOF
AGRI	3:1 (5.66:1)	1.50 (1.25)	Min.1.2	5-7 y (15y plantation)	Min 15%	4% above WACOF
INFRA	Below 5.67:1	1.50 (1.25)	1.25 (1.11)	15y (20y)	15% (11% if govt stake) HAM:10%	4% + COF (2% road projects)

(figures in brackets: relaxations in deserving cases by various authorities.)

- **The prescribed FACR for prescribed 9 Industries under MSME (food processing, paper products, coal products etc.) (cir 586/2024)** :

1.25 (DGM-CO-CAC can accept 1.20) (for others 1.33 & 1.20)

- **Interest During Construction (IDC)** for the Project shall form part of Cost of Project; however no funding shall be provided for IDC.
- **Minimum Equity Contribution by Promoters** shall be **50% of the Overall Margin** for the Project.
- **For Infrastructure Projects, minimum Equity Contribution of Promoters out of total margin will be basing on ECAI rating. AAA:25%; AA:30%; A:35% and for Others: 50%. In case of newly floated projects which are unrated, ECAI rating of Sponsor should be considered. For Accounts fully covered by Central/State government guarantee Minimum Equity contribution shall be 25%.**
- **Remaining share of promoters' contribution shall be in form of equity/quasi equity appropriately**
- Treatment of **Quasi Equity for Term Loan of Rs. 50 Crore & above**: Maximum cap on quasi equity shall be to the extent of **100% of equity** in case of Proprietary, Partnership concerns as also Corporates/ Companies.
- If Quasi equity is withdrawn later, **1% additional interest** is to be charged.
- **For financing Stressed Sectors as identified by Bank, 100% collateral is required. (cir 587/2024)**

Delegation of Powers while taking any fresh exposure/additional exposure under Gems & Jewellery Sector :

- Renewal by Respective Sanctioning Authority (RSA).
- Renewal with enhancement: LR/NR (CNR-I to CNR-VI): **RSA**.
- **Moderate Risk**: (CNR-VII to CNR-VIII) : **CGM/GM-HO-CAC** and above
- **Fresh Proposals**: Upto Rs.5 Cr: For **LR, NR** : **CO Head CAC** and above.
- **Moderate Risk & Above 5cr incl. New Borrowers: ED-CAC** and above.

FOR DISCOMS, **working capital** shall be restricted to **25% of total Revenue** as per ABS.

- In case of **GENCO and TRANSCO**, **WC is restricted to 50% of total Revenue** as per ABS.

TAKEOVER OF BORROWAL ACCOUNTS FROM OTHER BANKS/FINANCIAL INSTITUTIONS

If the prospective borrower clears the outstanding liability with the other bank or institution fully out of their own sources & approaches our bank for credit facilities **after 3 months (after 10 days for Retail Loans and Agricultural Loans** other than Food and Agro Proc units) **from the date of above closure**, such proposals shall be kept outside the purview of takeover norms.

Take over Policy for Exposures upto Rs.100 cr (excl. Ag and Retail Lending)

- Rating: **BBB and above (For MSME: BB and above)**
- Earning operating **profit for 3 years**
- All applicable financial parameters satisfactory.
- **Previous 1 year** : **not restructured,** no down gradation of external rating. **Not appeared in SMA2 during last 18 months(CRILC/CIR report)**

General guidelines of takeover:

- The account should have been in the books of transferor bank for **minimum of 1 year (6 months for Low Risk/A and above rated borrowers**).
- In case of **Manufacturing unit**, it should be **minimum 1 year old** and should have **satisfactory repayment track record of atleast 6 months** & DCCO atleast **more than 6 months** back.

- **Shifting of accounts** from other banks shall **not be more than one occasion during last 5 years, gap** to last switch over shall be **minimum of 1 year** **(2 years for >100 lacs)**(exempted for account which existed with our bank earlier with good record).
- **Audited financial statements** for the **previous 3 years** shall be obtained and analysed, **verified with ROC for corporates**.
- **Current Ratio: 1.33 (1.25 for turnover method)**.
- **For MSME, CR relaxed upto 1 (incl.1)**
- **DER** not more than **2:1 (relaxations 3:1).** For **MSME DER 3:1.**
- **Pass seheet for 1 year (TL)** or **6months (WC)** to be verified.
- **For TLs if time over run or cost over run is more than 15%, No take over**.
- **Dilution of security/ reduction in margin should not occur** on account of take over
- **Repayment period not beyond original repayment** period. For **Lease Rent Discounting(LRD)** proposals, extention with in **scheme guidelines (max.180m**)
- For take over with enhancement, **security coverage** in the form of Land & Building, Our own Bank Deposit, NSC, KVP, Insurance Policy **not less than 50%** of entire exposure including enhancement amount. **Vacant land not more than 50%** of the total collateral security.

- If **enhancement** is **more than 25%,** sanction by **Next Higher Authority**.

  HO power a/c s : Same authority irrespective of percentage of enhancement.

- If **fresh Term Loans** are proposed for **expansion during take over**, **Respective Sanctioning Authority** can permit.

- **Expansion and also Concessions in ROI & Service Charges** – Sanction by **Next Higher Authority** upto **CO Head CAC** and concerned Sanctioning Authority in case of HO power accounts.

- **Proposal with enhancement** : If **collateral is more than 100%** of exposure including enhancement, **atleast 15%** of collateral should be in the form of **Commercial/Residential Properties**.

- **Stock Audit** to be conducted. (waiver for Secured OD limits, contractors OD Scheme)

- **Waiver of Stock Audit** : **Upto Rs.10 cr**. Provided previous bank's stock audit report **not older than 6 months** (if **more than 6 months, upto Rs.3 cr waiver**). Previous **3 months stock statements** to be obtained & verified. In case of **MSME upto Rs.1 crore**, CO head may permit waiver of Stock Audit provided **125% collateral comfort** is available.

- **Sanction communication** of **last 3 years** (**1 year for Agricultural Loans**) to be verified.

- Take over from Bank where any of our **Whole Time Director worked earlier**: Sanction by GM-HO-CAC and above.

Policy on takeover of Retail loans

- Prior to take over, the account should have satisfactory conduct with the transferring bank for a **minimum period of 1 year**. **Prompt repayments atleast 6 months** during previous 1 year or minimum Risk Grade **CRG-3** (Moderate Risk)
- **Not appeared in SMA-2 during last 18 months (as per CRILC/CIR report)**
- Loans where **projects are not completed and not fully disbursed** shall not be taken over
- Repayment period should be restricted to the residual tenor of the loan at the transferor bank except in respect of **Lease Discounting proposals** where **extended repayment** period may be permitted (max180months).
- A **valid EMT** should be created by the financing branch **within 30 days** of clearance of the liability with other bank

Fresh facilities to OTS borrowers – Minimum cooling period

- Sacrifice amount as percentage of Book Liability
- upto 10% : **24 months**
- Above 10% and upto 25% : **36 months**,
- Above 25% : **60 months**.
- **Gold Loans other than Agriculture** : cooling period **24 months**

  for Ag:3m, GL upto Rs.1 lakh.
- **Written off amount up to Rs.10,000/- : ignore after 24 months cooling period**.
- **For Non wilful defaulters, under Ag & Allied activities – Weaker section, upto Rs.50,000/- need based finance after 3 months, if repaid atleast 10% of previous loan.**
- **After 6 months, GLs as per delegated powers for Agrl**.

RESTRICTIONS FOR LENDING

- **Advances against Bank's Own Shares:** In terms of **Section 20 (1)** of the Banking Regulation Act, 1949, Bank cannot grant any loans and advances on the security of its own shares.
- Bank shall not provide loans to companies for **buy-back of their own shares**/ securities
- **Holding shares in companies :**In terms of **Section 19(2)** of the Banking Regulation Act, 1949, Bank shall not hold shares in any company except as provided in sub-section (1) whether as pledgee, mortgagee or absolute owner, of an amount exceeding **30 percent of the paid-up share capital of that company** or **30 percent of its own paid-up share capital and reserves,** whichever is less.
- Further, in terms of **Section 19(3)** of the Banking Regulation Act, 1949, Bank shall not hold shares whether as pledgee, mortgagee or absolute owner, in any company in the management of which any **Managing Director or Manager** of the Bank is in any manner concerned or interested.
- **Selective Credit Control (SCC) Commodities:** In case of advances against Levy Sugar, a minimum margin of 10% will apply.
- Bank should not grant loans/ advances against FDRs or other **Term Deposits** of **other banks**.
- Banks are not allowed to grant loans against **Certificate of Deposits**, unless specifically permitted by the Reserve Bank of India.
- No loans to be granted against **partly paid shares**.

- No loans to be granted to partnership/proprietorship concerns against the **primary security of shares and debentures**.
- Banks should not grant any advance **for purchase of gold** in any form
- Banks should not grant any advance against bullion/ Primary gold (specially minted **gold coins sold by banks** are not to be treated as "bullion" or "primary gold", **upto 50 gms per person** considered for gold loan)
- NO Loans against **Gold Exchange Traded Funds/Gold Mutual Funds**
- Bank should not grant finance for **construction of buildings meant purely for Government**/ Semi Government offices, including Municipal and Panchayat Offices
- Banks should not extend finance for setting up of new units consuming/ producing the **Ozone Depleting Substances (ODS)**.
- Bank cannot grant loans for acquisition of/investing in small savings instruments including **Kisan Vikas Patras**
- Bank should not extend **bridge loans** against **amounts receivable from Central/State Governments by way of subsidies**, refunds, reimbursements, capital contributions, etc.
- Banks are permitted to **sanction bridge loans to companies** for a period **not exceeding one year against expected equity flows/issues.**
- Bank shall not grant any loans/advances for subscription to **Indian Depository Receipts (IDRs)** and also against security/collateral of IDRs issued in India.

VARIATIONS FROM THE POLICY GUIDELINES :

- **Major Variations**: (other than Retail Lending) : Eligibility norm, margin, loan quantum, security coverage, risk rating, hedging of FC exposures, Benchmark ratios, valuation, takeover norms.
- **Minor: Retail Lending**: Eligibility, loan quantum, margin, modification of documentation, repayment period, moratorium period.
- **GM-HO-CAC** may permit 2 variations in a proposal, falling upto their sanctioning powers.
- **ED-CAC** upto 4 variations (max 2 major variations)
- Beyond 4 (beyond 2 in Retail Lending), **MC of the Board**.

CREDIT DELIVERY : Time norms for disposal of loan applications:

Branch Sanctions:

- Loans upto 25000/- : 15 days
- Kisan Credit Card – Branch powers : 15 days
- Other Priority above Rs.25,000/- : 30 days

MSME (From the date of receipt of complete application)

- Micro, small & Medium Enterprises: Upto Rs.5.00 lakhs: **15 days**;
- above Rs.5 lacs: **30 days**

Export Credit	
i) Sanction of fresh/ enhanced credit limits	30 days (25 days)
ii) Renewal of existing credit limits	30 days (15 days)
iii) Sanction of adhoc credit facilities	15 days (7 days)
(Days in brackets indicate the maximum time frame for sanction under Gold Card Scheme)	
Advances under Sole Banking, Multiple Banking Arrangement, Consortium, JLA and other than the above [(1) to (4)]	
i) Sanction of fresh/ enhanced credit limits	30 days (30 days)
ii) Renewal of existing credit limits	30 days (30 days)
iii) Sanction of Adhoc credit facilities	30 days (15 days)
(Days in brackets indicate the maximum time frame for sanction of export credit limits)	

- **RO/CO Sanctions** (TAT from the date of receipt of completed application)
- Loans upto Rs.25,000/-, KCCS branch powers : 15 days
- Other Priority & Retail Lending above Rs.25,000/- :60days (Br:15+RO/CO:45)

- **MSME-Mirco & Small Enterprises**:
- Upto Rs.5 lakh: 15 days, 5-25 lacs: 30 days,
- above 25 lacs: 45 days

- **Medium Enterprises**:
- Upto Rs.25,000/-: 15 days,
- 25,000 to 5 lacs: 30 days,
- above 5 lacs: 45 days

Export Credit			
i) Sanction of fresh/ enhanced credit limits	15 days (10 days)	20 days (15 days)	**45 days (25 days)**
ii) Renewal of existing credit limits	15 days (5 days)	15 days (10 days)	**30 days (15 days)**
iii) Sanction of adhoc credit facilities	5 days (3 days)	10 days (4 days)	**15 days (7 days)**
(Days in brackets indicate the maximum time frame for sanction under Gold Card Scheme)			
Advances under Sole Banking, Multiple Banking Arrangement, Consortium, JLA and other than the above [(1) to (4)] the credit proposals shall be disposed off within the time frame as stated hereunder:			
i) Sanction of fresh/ enhanced credit limits	15 days (15 days)	30 days (30 days)	**45 days (45 days)**
ii) Renewal of existing credit limits	15 days (15 days)	30 days (30 days)	**45 days (45 days)**
iii) Sanction of Adhoc credit facilities	15 days (5 days)	15 days (10 days)	**30 days (15 days)**
(Days in brackets indicate the maximum time frame for sanction of export credit limits)			

HO Sanctions:

- Loans upto Rs.25,000/- & KCCS & Other Priority upto Rs.25,000/- : 15 days
- Loans above Rs.25,000/- Other priority : 60 days (15BR+10RO/CO+35HO)
- Retail Loans : 45 days (10+15+20)

MSME: Micro & Small Enterprises:

- **Upto Rs.5 lacs** : 15 days,
- 5-25 Lacs :30 days,
- above 25 lacs: 45 days

Medium Enterprises

- Upto 25,000/-:15 days,
- 25,000 to 5 lacs: 30 days
- Above 5 lacs: 45 days

EXPORT CREDIT:

- Fresh sanction : 45 days,
- Renewal 30 days,
- Adhoc : 15 days

Gold Card Scheme for Exporters:

- Fresh: 25days
- Renewal 15days
- Adhoc: 7 days

SOLE BANKING/CONSORTIUM/JLA:

Fresh Sanctions & Renewal : 45 days, Adhoc : 30 days.

Export Credit : Fresh, Renewal: 45 days, Adhoc: 15 days

GENERAL MATTERS

COMMITMENT CHARGES

- **Applicability**: **Corporate Borrowers** with Sanctioned limits (FB, NFB or combination including Term Loans) of **Rs. 10 crore and above** from Bank.
- Commitment charges shall be levied on the **unutilised / unavailed** sanctioned working capital limits / Short Term limit for working capital purposes, including WCDL / Term loans
- If the average utilisation during the quarter is **more than 75%: No charges**
- If the average utilization during the quarter is between **50-75% : 0.50% p.a**.
- to be recovered **on entire un utilized portion on quarterly basis**.
- If the average utilization during the quarter is **less than 50%: 1.00% p.a.**
- on entire unutilized portion on a quarterly basis.
- In case of **Peak & Non Peak limits**, if utilisation **<75%** : 1%
- **In case of Term Loans**, the first disbursement as per the sanction does not take place within **3 months from the first scheduled draw down date**, then commitment charge for the Term loan shall be levied **from the date of execution of documentation till its first availment**, computed on the amount of **unavailed drawdown portion**.

PENAL CHARGES (cir 22/2025)

Penal Interest For delayed Payment:

Priority Sector : Above Rs.25,000 to Rs2 lacs: **1% pa**. Above 2 lacs: **2% pa** (not applicable to Govt. Sponsored schemes). RO head CAC and above may waive for genuine reasons like natural calamities

- **1% for** loans through **Co OP Societies, FSS, LAMPS**
- For **EL upto 2 lacs: Nil Beyond Rs2 lacs: 2% pa**

Non Priority: Above Rs.5000/- : 2% pa

- **TOD – 2.00% p.a**. for the period **beyond 15 days** till the date of regularization irrespective of TOD amount
- Penalty for Delayed period only on delayed amount only.

***Delayed / non-submission of stocks* / MSOD / Book Debt Statement**

- 2.00% p.a. on the entire liability of the party for the delayed period . Refund with in 3M: RSA above RO head. Beyond 3 months: GM-HO-CAC.

QOS/HOS: (Applicable for FB/NFB exposure of Rs.5 cr and above)

- **1% on the Fund based liability** for delayed/non-submission in respect of existing accounts as well as fresh sanctions for the delayed period.
- **0.25% on the NFB liability** subject to a **cap Rs.1.00 lakh** per month for parties who enjoy exclusive NFB limits.
- Where party is enjoying both FB & NFB limits, penalty shall be **1% on FB liability and 0.25% on the NFB** liability as above shall be charged.
- Waiver : Up to CO powers: NHA above RO-Head-CAC. HO power a/cs: upto ED&CAC : ED-CAC

Drawings in excess of sanctioned limits (including expired limits) in OCC, OD accounts & KCC including WCDL

: **2.00% p.a.** on the **overdrawn portion** till the account is regularized . If renewal proposal submitted and sanction pending, No penalty for expired limits.

Drawings in excess of drawing power (including expired limits) in case of OD, OCC, KCC (including WCDL)

- **7.00% p.a**. on the **overdrawn portion till the account is regularized.**

No Waiver permitted from this point onwards:

Devolved Liabilities

- **2.00% p.a**. from the **date of devolvement till its regularization . No waiver permissible.**

Demand Bills: 2% pa from 8th day till realization.

Usance Bills : 2% pa from due date till realization/clearance

Diversion of funds

- **5% on the entire liability** from the date of such diversion till its replenishment
- **For delay in creation of EMT/ II charge : 1% pa on outstanding liability (waiver by CO head upto 1 year delay. Beyond 1 year: GM HO**
- **In case of Stalled Projects, 2% penalty till creation of EMT.**

ANNUAL FINANCIAL STATEMENT:

Penal interest of 2% on the outstanding liability (fund based) shall be collected if the audited financial statements are not submitted **before 31st October** every year in case accounting year ends at 31st March or **within 7 months** from the date closing of annual accounts in case accounting year ending is other than 31st March or **within a fortnight of adoption of accounts** of the borrower.

Penalty for non-compliance of Bill culture norms

- **2.00% p.a**. on the liability on a quarterly basis . Waiver by CO Head and above.

Charges for handling discrepant documents received under LC : (cir 469/2024)

- **0.25% of the bill amount** with a **minimum of Rs1000 and maximum of Rs.5000 per bill** + GST

PENAL CHARGES FOR NON-SUBMISSION OF RENEWAL PAPERS BEFORE 1 MONTH OF EXPIRY DATE.

- Above Rs. **10 lakhs to Rs. 10 crores : Flat Rs. 5000/-** up-to the due date of renewal and flat Rs. **10000/-** per month thereafter till the date of submission
- For limits beyond Rs. **10 crore : Flat Rs. 25000**/- + GST up-to the due date of renewal and flat Rs. **50000**/- + GST per month thereafter till the date of submission.
- GM-CO/HO-CAC upto 50% waiver and ED & above: Full waiver for genuine reasons.

Penalty for non-construction of house in case of housing loan (including HL-CRE) within the time limit as permitted by the sanctioning authority.

: **2.00% p.a**. from the date of sanction till the start of construction on the **outstanding liability**.

- Waiver is not permissible.

Penalty for accounts slipping to NPA

- Penalty at a rate of **2.00% p.a. on the outstanding** to be levied. Concessions to be reviewed.

Penal charges for pre-payment of Credit facilities (Working Capital and Term loans)

For take over by other Banks/FIs only

- **Term Loans:** 2% of the outstanding liability.
- **Working capital facilities : FB :2%, NFB: 0.5% of sanctioned limits.**
- **All MSEs : No penalty**
- Effective from 01.01.2026, for all WC & Term Loans of Individuals & MSEs: No pre payment charges for all FLOATING RATE LOANS & advances of Individuals other than Business purpose and for business purpose and also for MSEs.
- For Non Submission of statement on Un Hedged Foreign Currency Exposure (quarterly signed by borrower and Yearly statement signed by Auditor): 1% on total exposure.

Enabling mechanism for meeting payment obligations by Large Corporates to MSMEs:

- While sanctioning/renewing credit limits to their large corporate borrowers (i.e. borrowers enjoying working capital limits of **Rs.10 crore** and above from the banking system), Bank to fix **separate sub-limits**, within the overall limits, specifically for meeting **payment obligations** in respect of purchases from **MSMEs** either on cash basis or on bill basis.

Duration of Working capital/other operative limits:

- Maximum period/ tenability of Working Capital limits shall be fixed at **12 months** irrespective of risk rating/ category excluding Staff OD, GL OD (including all Gold Loan Working Capital variants), KCC Crop Loan

Review & Extension of limits:

Other than High Risk customers :

- **6 months** and maximum of **3 months at any time**.
- At the time of second extension, all **concessions will be withdrawn**. Second extension treated as Sanction and subjected to Review by Next Higher Authorities.
- Pro rata processing charges to be collected.

Borrowers rated as High risk:

- In exceptional cases, extension of tenability can be permitted only once and for a period not exceeding **2 months**

REVALIDATION / CANCELLATION OF SANCTION:

Revalidation by RSA for the same period as above, only once permitted.

The validity periods of sanctions for various facilities: (Cir 620/2023)

STCL/Corporate Loan	1 month (clean) 3 m Secured
Working Capital	3 months
Term Loan	6 months
Adhoc Credit Facility	15 days (No revalidation)
Credit facilities sanctioned under consortium lending arrangement (where our bank is a Leader or Member)	Upto 6 months
Validity period of sanction of Working capital / Term loan to NBFC	3 months

- **Consortium/JLA**: Where disbursement from sanctioned limit has not been availed for a period of **12 months** from the date of documentation, from our bank/any member banks in the consortium/JLA, such cases have to be taken up for revalidation of **sanction with the sanctioning authority**
- In case of **consortium accounts**, the sanctioning authority at the time of sanction may stipulate suitable validity period of **upto 6 months** from the date of sanction taking into account the probable date of **financial closure**. In case of non-achievement of financial closure due to unavoidable circumstances, the sanctioning authority may permit revalidation of sanction for a period of upto **another 6 months**, after which a fresh sanction shall be obtained.

Review cum Holding On Operations:

- The account is **Standard Asset or, NPA Accounts**, **not "Marked for recovery**
- No adverse features and irregularities are **beyond the control of the borrower**.
- Review cum Holding on Operations can be permitted for a **maximum period of 6 months** and for a period not exceeding **3 months at a time**
- **Sanctioning authority while permitting Holding on operations in respect of accounts considered for Rehabilitation / Restructuring shall stipulate a minimum cut back amount of 1.00 % of the realized sales for reduction of irregularity on a case-to-case basis**

REJECTION OF CREDIT PROPOSALS

- Applications for credit facilities from **SC / ST customers** shall not be rejected at branch level and such rejections shall be by the **next higher authority.** CAC/MC power accounts by MD&CEO or ED in absence of MD&CEO.
- Whenever applications for loans under **Govt. Sponsored Schemes** are rejected by the Branch Manager for valid reasons, the same has to be **recorded in a register** maintained to this effect which shall be examined by the controlling authorities during their branch visits.
- Rejection of credit proposals from **MSME** is subject to **concurrence of the next higher authority**
- Rejection of proposals for **Educational Loan** is subject to **concurrence of the next higher authority**
- Rejection of **Export Credit** proposals shall be immediately **reported to** MD &**CEO** through the concerned Wing at HO.

- Rejection of credit proposals by the branch level authorities shall be recorded in a register (web based **NB-139** package) maintained for this purpose, which shall be **reviewed by the controlling authorities** visiting branches.
- Branches are not empowered to reject any proposals originated through **Jansamarth Portal**. **Next Higher Authority** shall be the authority to reject the proposals received under the Jansamarth Portal

Conversion of Limits:

- NFB limits (only **Letter of Credit** Limits and **Advance Payment Guarantee** for **purchase of raw materials**) may be converted into **Fund Based limits**.
- Similarly, FB limits may be converted into NFB limits for **purchasing stocks** only.
- **Post-shipment to pre-shipment is not permitted** (PC to Bills and not otherwise)
- **Secured limits are not to be converted into clean limits**
- One way conversion of limits from **LC to BG** for purchase of raw materials may be permitted to Beneficiary entities such as PSUs, SAIL, NSIC and Corporates externally rated AAA/AA

Credit Exposure: Exit Policy

- **Persisting irregularities**/defaults in payment of interest and/or instalments like overdues in the account, frequent adhoc limits, no stock/DP, etc.
- **Failure of restructuring**/ rehabilitation efforts **more than twice** in a period of **three years**
- Borrowers of Consortium/MBA/JLA - Rated as **High Risk**. Other Accounts internally rated under High Risk (CNR IX to XI)
- **Wilful defaults** by the borrower/group.
- The activity of the borrower has become **uneconomical.**
- Gross managerial weakness, Promoter's **financial indiscipline**
- **Steep down gradation in risk rating** grade (not less than two notches fall).
- **NoGo** rated proposals under CBPR Rating.

Personal Guarantee of Directors: To be obtained

In case of Private Ltd companies, LLPs, Regd Partnerships, where resolution plan is envisaged

- In all loans of Rs. **5 Crore & above**, **Aadhar Number** of Applicant, Co-Applicant and Guarantor shall be obtained and updated in CBS after due verification**.**
- Further, for exposures exceeding **Rs. 5.00** crore **CA certified** Net worth statement with **UDIN** number certifying the net worth of the Guarantors shall be invariably obtained on an **Annual Basis**.
- In respect of exposures exceeding **Rs. 5.00 crore**, **Half yearly confirmation from the Guarantors** stating that the assets declared for arriving at Networth at the time of original sanction are still intact and under his/her ownership is to be obtained
- In respect of allied/associate concerns, Promoter of the parent entity can provide/extend a guarantee **not exceeding 5 times** of his/her networth

UNHEDGED FOREIGN CURRENCY EXPOSURE (UFCE) OF CORPORATES

- All clients are required to submit their UFCE on **quarterly basis to the Bank**, on self declaration basis.
- UFCE information submitted by the borrower entity should be audited and **certified by the statutory auditors** of the entity on **annual basis**.
- For computing FCE items maturing or having **cash flows over the period of next five years only may be considered**

Incremental Provisioning & Capital Requirement

- The standardized method for the borrower entity having exposure upto **Rs.50.00 Crore** from the banking system, bank would provide an incremental provisioning of **10 bps** over & above extant standard asset provisioning irrespective of the "**Potential Loss / EBID"** ratio.
- For exposures of **more than Rs.50 crores** from Banking system, incremental provisioning and capital requirement is to be calculated basing on Potential Loss/EBID percentage. **(incremental provisioning from 20 bps to 80 bps and 25% increase in risk weight if borrower's EBID/Potential loss more than 75%)**

- For borrower entities which are **not able to provide the data** on unhedged foreign currency exposure in timely manner, would thus attract **incremental provisioning of 80 bps and a 25 percent increase in risk weight**.
- **For waiver of Hedging** by concerned delegated authorities, a **minimum hedging** of **25% for LR1, LR2 (**AAA) parties and **minimum 50% for LR3** (AA) parties is required.
- Where borrower is willing to offer **10% margin** / additional collateral comfort by way of deposit exclusively to take care of adverse movement in exchange.
- In all other cases, **hedging of 100% of forex exposure** shall be ensured.
- Additional interest/service charges shall be charged on account of unhedged foreign currency exposure basing on their internal/external ratings.
- In case any eligible entity is not submitting the required data to our bank, an additional interest of **1% p.a.** over & above the contracted rate to be levied for the period of default.

LEGAL AUDIT OF TITLE DEEDS:

- Accounts with credit exposure of **Rs.5 crores and above**, as **part of RBIA**
- After **3 years** of sanctioning or crossing of threshold limit of **Rs.5 Crore**.
- Subsequent legal audits shall be conducted after a gap of **3 years** from the date of first legal audit. This shall coincide with succeeding **RBIA due**.
- The gap between two legal audits shall be between **36 months and 54 months** depending on the risk rating of the branch in the subsequent RBIAs.

- While permitting/sanctioning additional exposure upto Rs. 2 crores (including proposed exposure) to borrowers against existing mortgaged properties, Branches/Offices shall obtain Supplementary Legal Scrutiny Report(LSR) from a panel advocate other than the one who had originally given the LSR and ensure perfection of security/ies.

Opening of Cash Credit/ Overdraft Facilities

- OCC/OD facility can be provided to customers who enjoy total limits of **less than 5 cr** from banking system.
- For parties enjoying **more than Rs.5 crores**, bank having atleast **10% exposure** or with major share may open **OD/CC** account. Other members may open **collection accounts** and transfer balance to OD/CC periodically as agreed among member banks.
- All banks, whether lending banks or otherwise, shall **monitor all accounts** regularly, at least on a **half-yearly basis**, to monitor the total exposure and their share.

EXTERNAL CREDIT RATING

- ECAI rating shall be obtained from all the Borrowers who are enjoying credit exposure (FB + NFB) of **above Rs. 50 crore** from Banks/FIs, for the purpose of **Risk weighting of Exposures as well as for pricing**.
- **Domestic Credit Rating Agencies:**
  - Credit Analysis and Research Ltd. (CARE)
  - CRISIL Ratings Ltd.
  - India Ratings Ltd (Formerly Fitch Ratings India Pvt Ltd. [FITCH])
  - ICRA Ltd. (ICRA)
  - ACUITE Ratings and Research Ltd (Erstwhile SMERA)
  - INFOMERICS Valuation and Rating Pvt Ltd. (INFOMERICS)
  - **Brickwork Ratings India Private Limited (restriction imposed in 2024 ie upto 250 cr. Is removed wef 09-06-2025)**

International Credit Rating Agencies:

- Fitch Ratings Ltd. (FITCH)
- Moody's Investor Services Ltd. (MOODY'S)
- Standard & Poor Rating Agencies Ltd. (S&P)
- **CareEdge GLOBAL IFSC LTD (included in August 2025 for rating Non Resident Customers of IFSC, GIFT City, Gujarat)**

- In respect of all ECAI rated accounts, **Credit Rating Press Release** disclosures shall invariably have our **Bank's Name**, Credit facilities and Facility Amount. Otherwise it is treated as **Unrated** and attracts risk weight of **100 percent or 150 percent** as applicable.

Timelines for obtension of External Rating:

- In case of Greenfield projects : with in **6 months** from date of **DISBURSEMENT**.
- If party already applied for External Rating : **3 months** from date of sanction.
- In case of externally unrated borrowers with exposure **above Rs 50 Crores** additional interest of **0.50%** on Fund Based facilities and 0.1% on NFB facilities shall be charged over and above the applicable rate of interest. (Not applicable for Central/State Govt accounts)

Monitoring of Cross Default and other Financial Covenants

- Default with one lender that **may trigger default** with another lender.
- Considered as Cross Default if it is **not cured with in 30 days**.
- To monitor **the financial discipline** among the group.
- **Monitored quarterly** through CRILC reports or CIC reports.
- The guidelines are applicable for **Listed Corporate with exposure of Rs.50.00 Crores** & above and
- **Listed MSME borrowers with exposure of Rs 1.00 Crore** and above.
- **The P&L covenants** (**Net Sales, Net Profit Ratio, Interest coverage Ratio** etc)
- for the above eligible listed companies are to **be monitored on quarterly basis**

Balance Sheet covenants (TOL/TNW, DE Ratio, Current Ratio etc)

- To be monitored on **yearly basis** to ascertain deviation from sanctioned/ accepted levels, if any.
- **Breach in financial covenants** would deemed to have occurred if there is a deterioration of **more than 10%** in the actual level, vis-à-vis sanction level /last review level.
- In case where the account is **taken over by other Bank**/FIs, **concession in ROI/Charges extended for the last one year** to be **recovered** before closure.(this condition be part of the sanction conveying letter and accepted by the Borrower)
- **As per Companies Act 2013,** No Holding company (other than Banking, Insurance) shall have **more than two layers of subsidiaries**

- **Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances**

Asset classification of accounts under **CONSORTIUM** should be based on the record of **recovery of the individual member banks**

GUIDELINES ON PERIODICITY & PARTICIPATION IN CONSORTIUM MEETINGS:

- **Where we are Leader**: For important decisions, **GM/CGM** of Circle (limits **Rs.25 crores& above**),
- **DGM** of Circle for limits **below Rs.25 crores**.
- Branch incharge /II line presence must.
- **If we are member bank**: Consortium to be attended by not less than **DM** of **Circle** and branch in charge.
- **Routine meetings**: Attendance by **Branch incharge (Scale IV/V)**. If branch headed by non executive, one **executive from Circle** along with branch in charge.
- Consortium meetings to be **conducted quarterly** and minutes to be circulated to member banks **with in 3 days of meeting**.

Certificates/Reports issued by Third Party entities/Professionals and submitted by borrowers – Need for independent due-diligence:

- Certificates issued by third party entities (TPE), submitted by borrowers - the authenticity of the same shall be **independently verified** by **directly communicating** with the concerned TPE issuing the certificate.
- **Use UDIN portal** for verification of certificates issued by CAs.

PERIODICAL OBTENTION OF ENCUMBRANCE CERTIFICATE IN RESPECT OF PROPERTIES MORTGAGED TO BANK :

- **With in 36 months** from the date of creation of Mortgage and thereafter every 36 months.
- For accounts eligible **for Legal Audit, not required as EC obtained** as part of Legal Audit.
- Fee payable for obtention of EC: **Rs.500/-** plus actual **fee charged by Govt. Dept.**

GUIDELINES ON RELEASE OF MOVABLE/IMMOVABLE PROPERTY DOCUMENTS ON CLOSURE OF LOAN ACCOUNT

- **With in 30 days after full payment**. (release of documents & filing satisfaction of charge with relevant registry.
- If original documents lost, duplicate to be obtained issued with in 60 days.
- If **delay beyond 30 days** by bank for release of documents and to file charge satisfaction with relevant Registry, bank to compensate to Borrower **@Rs.5000/- for each day of delay**.
- If borrower not collected with in 30 days, **safe keeping charges @500/- p.m**.
- For **GLs safe keeping charges @Rs.200/- p m** (beyond 30 days of closure)

KEY FACT STATEMENT

- A statement of key facts of a loan agreement, in simple and easier to understand language, provided to the borrower in a standardised format.
- To all prospective borrowers to help them take an informed view before executing the loan contract
- To All new **Retail and MSME** term loans sanctioned on or after **October 1, 2024**
- **Annual Percentage Rate (APR**) is the annual cost of credit to the borrower which includes interest rate and all other charges associated with the credit facility
- Validity period of at least **three working days** for loans having tenor of seven days or more, and a validity period of **one working day** for loans having tenor of less than seven days
- Not applicable to Credit Card loans.

POLICY ON OFF BALANCE SHEET EXPOSURE - NON FUND BASED FACILITIES

BANK GUARANTEES

A contract to perform the promise or discharge the liability of a third person in case of his (i.e., the third person's) default.

- Bank Guarantee of **Rs. 50,000** & above shall be signed by **two authorized signatories.**
- BGs of Rs**.5 cr & above**: **Quarterly status report** to be submitted by borrower for PG/APG.
- **Third party deposit** : not to consider for margin. Considered for collateral security. **(Consider for margin in case of deposits in the name of Share Holder Director (for Company), Partner (Partnership/LLP) or Proprietor (Proprietorship).**
- **BG for period beyond 10 years** & without expiry period: CGM/GM-HO-CAC and above.
- Minimum margin requirement for bank guarantees issued **beyond 5 years** shall be **25% in the form of TDR**. (apart from tangible securities/collaterals as applicable/prescribed.(Cir 485/2022)

Guarantees favouring other banks / FIs / other lending agencies

- Borrower well established & having satisfactory **dealings for 3 years**.
- Bank should have fund based exposure to the party to the extent of at least **10% of the amount guaranteed** (**5%** for **infrastructure** projects)
- The quantum of guarantee for the Bank as a whole is restricted to **10% of the Tier I Capital**.
- The minimum amount of each guarantee is **Rs1.00 crore.**
- The nature of guarantee is financial

Letter of Credit

- If the seller is **not required** to **tender documents** of title to goods for obtaining payment under the terms of LC, such letter of credit is termed as **Clean Letter of Credit**.
- Branches/Offices shall not open LCs bearing the legend '**without recourse**' clauses
- **Status reports/OPL** should be called for in case of all parties (except Govt.) from their bankers or the empanelled service providers (as notified by Integrated Treasury Wing).
- OPL may be **waived for good record atleast for 2 years** with us and internally rated as LR/NR/externally BBB atleast or beneficiary shall be a Fortune Global 500 or a Fortune India 500 company & **25% minimum margin**.
- The Bank shall issue LCs to the customers under joint signatures of its authorised officials, one of whom shall be a Manager / Senior Manager.
- **TOL:TNW** shall be restricted to a maximum of 4:1 in case of working capital finance.(Relaxation 6:1 for Mfg, 9:1 for Services/Trading.) (**Beyond this, RO head upto RO powers and RSA from CO onwards power a/cs may permit.**
- A **quarterly report** on Inland LCs, Foreign LCs and Bank Guarantees of **Rs.5 lakh and above** shall be obtained from the borrowers and shall be verified with the transactions in their operative accounts
- **Standby LCs : similar to financial guarantees**. The maximum period of LC will be one year
- Grant of NFB facilities to **Non-Constituent Customers**, those who do not avail any fund based facility from any bank in India : As per Bank's exposure norms, maximum exposure per borrower shall not exceed 3% of the capital funds.

END