

Master Circular on Investments - Certain Definitions
[Vide para 12.3.1]

1. With a view to imparting clarity and to ensure that there is no divergence in the implementation of the guidelines, some of the terms used in the guidelines are defined below.
2. A security will be treated as rated if it is subjected to a detailed rating exercise by an external rating agency in India which is registered with SEBI and is carrying a current or valid rating. The rating relied upon will be deemed to be current or valid if:
 - i) the credit rating letter relied upon is not more than one month old on the date of opening of the issue, and
 - ii) the rating rationale from the rating agency is not more than one year old on the date of opening of the issue, and
 - iii) the rating letter and the rating rationale is a part of the offer document.
 - iv) In the case of secondary market acquisition, the credit rating of the issue should be in force and confirmed from the monthly bulletin published by the respective rating agency.
 - v) Securities which do not have a current or valid rating by an external rating agency would be deemed as unrated securities.
3. The investment grade ratings awarded by each of the external rating agencies operating in India would be identified by the IBA/ FIMMDA. These would also be reviewed by IBA/ FIMMDA at least once a year.
4. A 'listed' debt security is a security which is listed in a stock exchange. If not so, it is an 'unlisted' debt security.
5. A non performing investment (NPI), similar to a non performing advance (NPA), is one where:
 - a. Interest/ instalment (including maturity proceeds) is due and remains unpaid for more than 180 days. The delinquency period has become 90 days with effect from 31st March 2004.
 - b. if any credit facility availed by the issuer is NPA in the books of the bank, investment in any of the securities issued by the same issuer would also be treated as NPI.