

SMERA GREEN RATING

Steel Industry



22nd June, 2010

About SMERA



SMERA is a joint initiative by

- Small Industries Development Bank of India (SIDBI),
- Dun & Bradstreet Information Services India Private Limited (D&B), our knowledge partner
- Several leading banks in the country be it public sector, Indian private or foreign banks - showing their commitment to the sector

➤ MOU

SMERA Board

- Comprises of independent directors, nominees of banks, SIDBI and D&B.
- No single entity has a controlling stake

**SMERA started operations with its inauguration by
Hon'ble Finance Minister of India on September 05, 2005**

SMERA is country's first rating agency that focuses on the Indian SMEs

**SMERA has entered into MOU with more than 30 banks
and has rated more than 7000 MSME till date**

SMERA Offerings



- **SME Ratings**
- **NSIC-SMERA- D&B Ratings**
- **New Enterprise Ratings**
- **Greenfield / Brownfield Ratings**
- **Microfinance Institutions Ratings**
- **Portfolio Risk Analysis**
- **Educational Institute Ratings**
- **Green Ratings**

Benefits of NSIC D&B SMERA Rating



- Added credibility to the status of the SME unit.
- Access to bank finance much easier and simpler –
 - adequate quantum
 - competitive rate of interest
 - Faster turnaround time
- Opens doors to deal with large companies esp. those who deal with a big number of vendors.
- Ratings convey intrinsic strength of the company, while giving due respect to confidentiality requirements.
- Subsidised ratings fees under NSIC Performance and Credit Rating Scheme



Objective

“Green Rating” is an initiative from SMERA to encourage MSMEs engaged in industrial activity to adopt better technologies and processes for energy savings & environment protection.



Why Green Rating in MSMEs?

- Reduce industrial losses due to rapid climatic changes
- Confidence building amongst Lenders/Investors/Corporate
- Provide neutral & third party evaluation
- Enable up gradation of technology and processes
- Increase awareness on sustainability risk-changing regulations
- Rating process to act as a tool to educate units
- Facilitate creation of policy frame work
- Build ecosystem to support green movement



Parameters of Green Rating

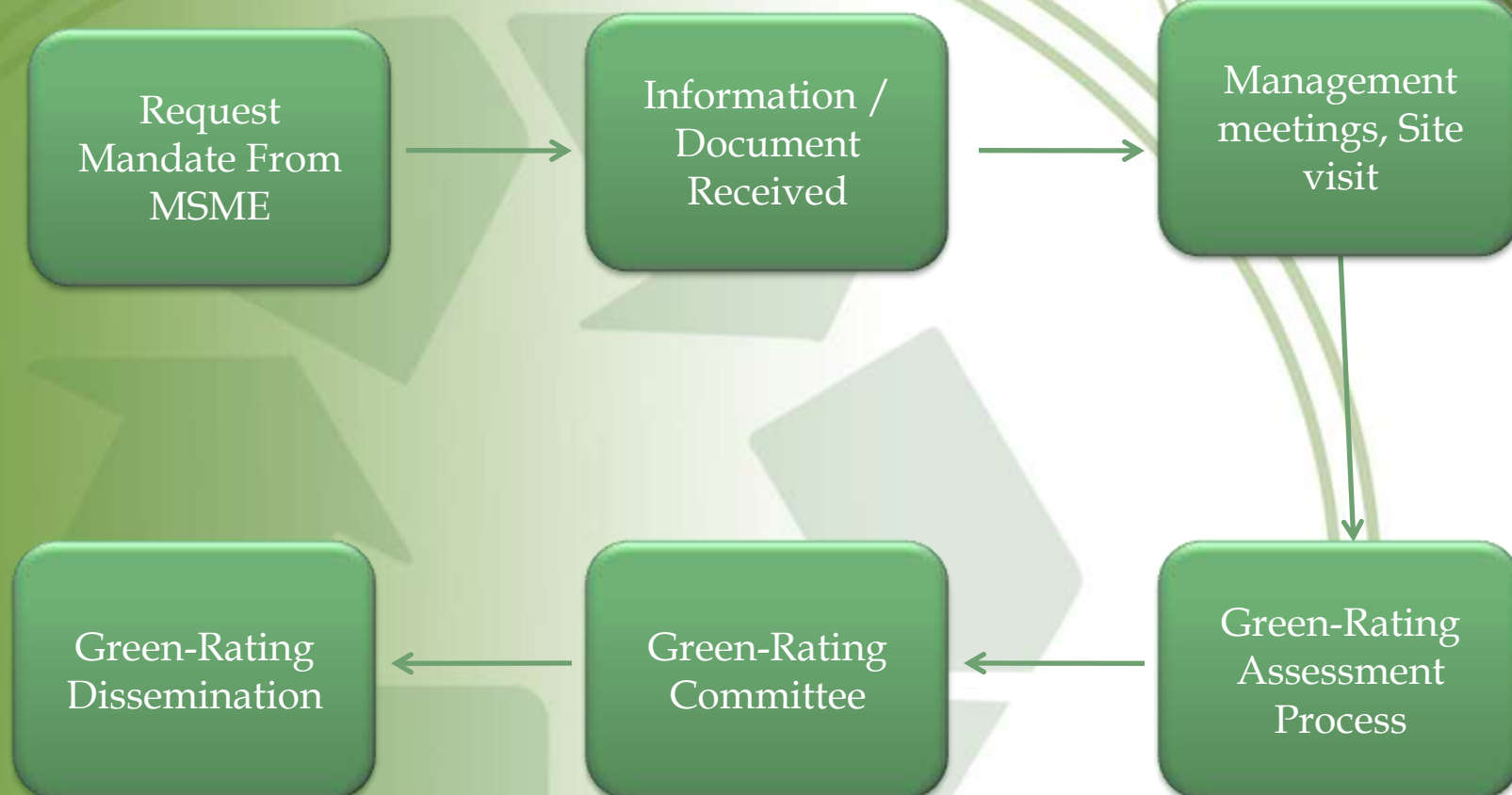
- Ambient Air Quality
- Energy Conservation
- Waste Water and Ambient Water Quality
- Waste Water Management
- Hazardous Material Management
- Noise Control Management

Benefits of Green Ratings



- Third party, independent & neutral assessment from a credible institution
- Self assessment tool for MSMEs - Sustainability Risk
- Improved credibility in the domestic as well as international markets
- Comfort to lenders on units' sustainability risk
- Part of an important database for concessional lending from multilateral or other similar institutions for processes & technology up gradation

Rating Process



Green Rating Scale



Green Rating Scale	Description
SMERA-GREEN Rating 1	Highest
SMERA-GREEN Rating 2	High
SMERA-GREEN Rating 3	Moderate
SMERA-GREEN Rating 4	Below Average
SMERA-GREEN Rating 5	Low

“SMERA-GREEN Rating 1” would indicate MSME units’ 100% compliance with various parameters designed for arriving at a top grade SMERA GREEN Rating and is the top most rating on the scale of 1-5. SMERA-GREEN Rating 1 implies units’ efficient usage of energy with minimal emission of GHGs (Green House Gases) & adoption of processes to control air, water & land pollution. SMERA GREEN Rating 5 indicates lowest grade on a rating scale 1-5 with units’ inefficient usage of energy due to existing processes and technology causing severe damage to environment.

Steel Sector ?

- ➔ Energy intensive industry
- ➔ High emission of carbon & usage of fossil fuels
- ➔ Higher GHG emissions due to foundry (Use of coal and electricity), forging (Use of Furnace Oil and Electricity) and re-rolling (Use of Furnace Oil and Electricity).
- ➔ Good scope for improvement
(Cleaner Technology can be implemented)



Parameters

⇒ Type Of Furnace Installed



⇒ Energy Consumption



⇒ Testing equipments installed
in the process





➔ **Pouring Facilities**

➔ **Rejection percentage at each stage of the process**

➔ **Type of casting process carried out in the unit**



⇒ Sand Reclamation Unit is in place

⇒ Design of Factory layout

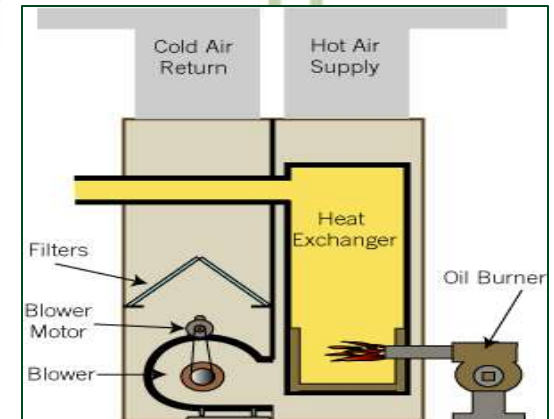
⇒ Working Conditions



⇒ Unit is an ISO Certified Entity

⇒ Pollution Norms

⇒ Oil Furnace used in any process





➔ **Power generation from the DG set (If used in the plant)
(Power Backup)**



➔ **Non Conventional Sources of Energy**





Green Rating Fees

Rs 50,000/- + Service Tax

Support Institutions Green Rating



- ➔ **SIDBI & Project Management Division of SIDBI-Facilitators**
- ➔ **The Energy Resource Institute (TERI)-Knowledge Partner**
- ➔ **DFID/World Bank-Financing Model Creation**
- ➔ **KFW-Pilot testing on 50 units**



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Thank You . . .