

- a) Superior to the claims of investors in equity shares; and
- b) Subordinated to the claims of all other creditors.

x) Discount

The PDI instruments shall not be subjected to a progressive discount for capital adequacy purposes since these are perpetual.

xi) Other conditions

- a) PDI shall be fully paid-up, unsecured, and free of any restrictive clauses and the issue of PDI and the terms and conditions applicable thereto shall be compliant with the provisions of Companies Act, 1956 and all other laws for the time being in force including the rules, regulations, directions and guidelines issued by the applicable regulatory authorities.
- b) Subject to compliance with extant FEMA Regulations, NBFCs shall obtain prior approval of the Reserve Bank of India, on a case-by-case basis, for investment by FIIs/ NRIs in PDI to be raised by a non-deposit taking NBFC with asset size of ₹500 crore and above, in Indian Rupees.
- c) Non-deposit taking NBFC with asset size of ₹500 crore and above issuing PDI, shall comply with the terms and conditions, if any, stipulated by SEBI/ other regulatory authorities in regard to issue of the instruments.
- d) The investment by other NBFCs in such instruments issued by a non-deposit taking NBFC with asset size of ₹500 crore and above, shall be governed by the provisions of definition of Net Owned Fund (NOF) as provided in explanation to section 45-IA of the RBI Act. As such, investment in excess of 10% of the owned fund of NBFC shall be deducted from Owned Fund to arrive at NOF of the NBFC.

2. Reporting Requirements

Non-deposit taking NBFC with asset size of ₹500 crore and above issuing PDI, shall submit a report to the Regional Office in whose jurisdiction it is registered giving details of the debt raised, including the terms of issue specified at item 1 above together with a copy of the offer document soon after the issue is completed.

3. Investment in PDI issued by other NBFCs-ND-SI

A non-deposit taking NBFC's with asset size of ₹500 crore and above investing in PDI issued by other NBFC and financial institutions shall be subject to