

Draft Reserve Bank of India (Core Investment Companies) Directions, 2025

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Reserve Bank of India (Core Investment Companies) Directions, 2025

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Introduction

In exercise of the powers conferred by sections 45JA, 45L and 45M of the Reserve Bank of India Act, 1934 (2 of 1934), and of all the powers enabling it in this behalf, the Reserve Bank of India being satisfied that it is necessary and expedient in the public interest and being satisfied that for the purpose of enabling it to regulate the credit system to the advantage of the country to do so, hereby issues to every Core Investment Company, the Reserve Bank of India (Core Investment Companies) Directions, 2025 (the Directions) hereinafter specified.

Chapter-I – Preliminary

A. Short Title and Commencement

1. These Directions shall be called the Reserve Bank of India (Core Investment Companies) Directions, 2025.
2. These directions shall come into effect on the day they are placed on the website of the Reserve Bank. .

B. Applicability

3. These directions shall be applicable to every Core Investment Company (hereinafter collectively referred to as ‘CICs’ and individually as an ‘CIC’), that is to say, a non-banking financial company carrying on the business of acquisition of shares and securities and which satisfies the following conditions as on the date of the last audited balance sheet:

- (1) it holds not less than 90 percent of its net assets in the form of investment in equity shares, preference shares, bonds, debentures, debt or loans in group companies;
- (2) its investments in the equity shares (including instruments compulsorily convertible into equity shares within a period not exceeding 10 years from the date of issue) in group companies and units of Infrastructure Investment Trusts (InvITs) only as sponsor constitute not less than 60 percent of its net assets as mentioned in paragraph 9(19) below;
- (3) Provided that the exposure of such CICs towards InvITs shall be limited to their holdings as sponsors and shall not, at any point in time, exceed the minimum holding of units and tenor prescribed in this regard by SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended from time to

time. It does not trade in its investments in shares, bonds, debentures, debt or loans in group companies except through block sale for the purpose of dilution or disinvestment;

(4) It does not carry on any other financial activity referred to in Section 45I(c) and 45I (f) of the Reserve Bank of India Act, 1934 except

- (i) investment in
 - (a) bank deposits,
 - (b) money market instruments, including money market mutual funds that make investments in debt/money market instruments with a maturity of up to 1 year.
 - (c) government securities, and
 - (d) bonds or debentures issued by group companies,
- (ii) granting of loans to group companies and
- (iii) issuing guarantees on behalf of group companies.

Note – 10 percent of net assets of CIC shall include real estate or other fixed assets which are required for its effective functioning but shall not include other financial investments/loans in non-group companies.

4. These directions shall not be applicable to a CIC which is an ‘Unregistered CIC’ as defined at paragraphs 15 and 16 of the directions.

5. The Reserve Bank may, if it considers it necessary for avoiding any hardship for any other just and sufficient reason, grant extension of time to comply with or exempt any CIC from all or any of the provisions of these Directions either generally or for any specified period, subject to such conditions as the Reserve Bank may impose.

6. These Directions consolidate the regulations as issued by Department of Regulation, Reserve Bank of India. However, any other Directions/guidelines issued by any other Department of the Bank, as applicable to a CIC shall be adhered to by it.

C. Regulatory Structure under Scale Based Regulation for NBFCs

7. CIC will be included in Middle Layer or the Upper Layer (and not in the Base layer) depending on the parameters of the scale based regulatory framework specified in Reserve Bank of India (Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation) Directions, 2025.

C.1 Progressive application of regulations.

8. Regulatory instructions applicable to Middle Layer of CIC shall automatically be applicable to CICs residing in higher layers, unless stated otherwise.

D. Definitions

9. For the purpose of these Directions, unless the context otherwise requires, the terms herein shall bear the meanings assigned to them below:

(1) “adjusted net worth (ANW)” means –

(i) the aggregate, as appearing in the last audited balance sheet as at the end of the financial year, of Owned Funds as defined at sub-paragraph (23) below.

(ii) as increased by:-

(a) 50 per cent of the unrealized appreciation in the book value of quoted investments as at the date of the last audited balance sheet as at the end of the financial year (such appreciation being calculated, as the excess of the aggregate market value of such investments over the book value of such investments); and

(b) the increase, if any, in the equity share capital since the date of the last audited balance sheet.

(iii) as reduced by:-

(a) the amount representing any direct or indirect capital contribution made by one CIC in another CIC, to the extent such amount exceeds ten per cent of Owned Funds of the investing CIC;

(b) the amount of diminution in the aggregate book value of quoted investments (such diminution being calculated as the excess of the book

value of such investments over the aggregate market value of such investments), and;

(c) the reduction, if any, in the equity share capital since the date of the last audited balance sheet.

(2) "breakup value" means the equity capital and reserves as reduced by intangible assets and revaluation reserves, divided by the number of equity shares of the investee company;

(3) "carrying cost" means book value of the assets and interest accrued thereon but not received;

(4) "Companies in the Group" means an arrangement involving two or more entities related to each other through any of the following relationships, viz. Subsidiary – parent (defined in terms of AS 21), Joint venture (defined in terms of AS 27), Associate (defined in terms of AS 23), Promoter-promotee [as provided in the SEBI (Acquisition of Shares and Takeover) Regulations, 1997] for listed companies, a related party (defined in terms of AS 18) Common brand name, and investment in equity shares of 20 per cent and above).

(5) "Conduct of business regulations" means the directions issued by the Reserve Bank from time to time on Fair Practices Code and Know Your Customer guidelines.

(6) "control" shall have the same meaning as is assigned to it under clause (e) of sub-regulation (1) of regulation 2 of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

(7) "Core Investment Company (CIC)" means a core investment company having total assets of not less than ₹100 crore either individually or in aggregate along with other CICs in the Group and which raises or holds public funds.

(8) "current investment" means an investment which is by its nature readily realisable and is intended to be held for not more than one year from the date on which such investment is made;

(9) "customer interface" means interaction between the CIC and its customers while carrying on its business.

(10) "Dividend Payout Ratio" means the ratio between the amount of the dividend payable in a year and the net profit as per the audited financial statements for the

financial year for which the dividend is proposed. Proposed dividend shall include both dividend on equity shares and compulsory convertible preference shares eligible for inclusion in Owned Funds/ Adjusted Net Worth. In case the net profit for the relevant period includes any exceptional and/or extra-ordinary profits/ income or the financial statements are qualified (including 'emphasis of matter') by the statutory auditor that indicates an overstatement of net profit, the same shall be reduced from net profits while determining the Dividend Payout Ratio.

(11) "earning value" means the value of an equity share computed by taking the average of profits after tax as reduced by the preference dividend and adjusted for extra-ordinary and non-recurring items, for the immediately preceding three years and further divided by the number of equity shares of the investee company and capitalised at the following rate:

- (i) in case of predominantly manufacturing company, eight per cent;
- (ii) in case of predominantly trading company, ten per cent; and
- (iii) in case of any other company, including non-banking financial company, twelve per cent;

Note: If, an investee company is a loss making company, the earning value will be taken at zero;

(12) "fair value" is the mean of the earning value and the break up value;

(13) "hybrid debt" means capital instrument which possesses certain characteristics of equity as well as of debt;

(14) "investment" means investment in shares, stock, bonds, debentures or securities issued by the Government or local authority or other marketable securities of a like nature.

(15) "Infrastructure Investment Trust" means a trust registered under SEBI (Infrastructure Investment Trusts) Regulations, 2014 and as amended from time to time.

(16) Key Managerial Personnel shall be as defined in Section 2(51) of Companies Act, 2013, as amended from time to time.

(17) "long term investment" means an investment other than a current investment;

(18) "market value of quoted investments" means the average of the weekly highs and lows of the closing price of the investments, on a recognized stock exchange

where the investment is most actively traded, during the period of 26 weeks immediately preceding the end of the financial year at which date the last audited balance sheet is available.

(19) "net assets" means total assets excluding -

- (i) cash and bank balances;
- (ii) investment in money market instruments and money market mutual funds
- (iii) advance payments of taxes; and
- (iv) deferred tax payment.

(20) "net asset value" means the latest declared net asset value by the mutual fund concerned in respect of that particular scheme;

(21) "net book value" means:

- (i) in the case of hire purchase asset, the aggregate of overdue and future instalments receivable as reduced by the balance of unmatured finance charges and further reduced by the provisions made as per paragraph 50(2)(i) of these Directions;
- (ii) in the case of leased asset, aggregate of capital portion of overdue lease rentals accounted as receivable and depreciated book value of the lease asset as adjusted by the balance of lease adjustment account.

(22) "outside liabilities" means total liabilities as appearing on the liabilities side of the balance sheet excluding 'paid up capital' and 'reserves and surplus', instruments compulsorily convertible into equity shares within a period not exceeding 10 years from the date of issue but including all forms of debt and obligations having the characteristics of debt, whether created by issue of hybrid instruments or otherwise, and value of guarantees issued, whether appearing on the balance sheet or not.

(23) "owned funds" means paid up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account and capital reserves representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of asset, as reduced by accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any;

Note: CIC shall not be required to deduct a Right-of-Use (ROU) asset (created in terms of Ind AS 116-Leases) from Owned Fund, provided the underlying asset being taken on lease is a tangible asset.

(24) “public deposit” for the purpose of these Directions shall have the same meaning as defined in the Reserve Bank of India (Non-Banking Financial Companies – Acceptance of Public Deposits) Directions, 2025.

(25) “Public funds” includes funds raised either directly or indirectly through public deposits, inter-corporate deposits, bank finance and all funds received from outside sources such as funds raised by issue of Commercial Papers, debentures etc. but excludes funds raised by issue of instruments compulsorily convertible into equity shares within a period not exceeding 10 years from the date of issue.

(26) Senior Management has the same as defined in ‘Explanation’ to Section 178 of the Companies Act, 2013.

(27) “substantial interest” means holding of a beneficial interest by an individual or his spouse or minor child, whether singly or taken together in the shares of a company, the amount paid up on which exceeds ten per cent of the paid up capital of the company; or the capital subscribed by all the partners of a partnership firm;

(28) “the Act” means the Reserve Bank of India Act, 1934 (Act 2 of 1934).

(29) “total assets” means the total of all assets appearing on the assets side of the balance sheet.

10. Words or expressions used and not defined in these directions but defined in the Act or the Master Directions issued by the Reserve Bank, shall have the meanings respectively assigned to them under the Act or Directions. Any words or expressions used and not defined in these directions or in the Act or any of the Directions issued by the Reserve Bank, shall have the meanings respectively assigned to them under the Companies Act, 2013 (18 of 2013).

11. The guidelines given in the following Directions, where not contradictory to these Directions, shall also be applicable *mutatis mutandis* to the Core Investment Companies, based on the layer in which it is categorised.

(1) Reserve Bank of India (Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation) Directions, 2025

- (2) Reserve Bank of India (Non-Banking Financial Companies – Undertaking of Financial Services) Directions, 2025 – For the purposes specified in paragraph 65
- (3) Reserve Bank of India (Non-Banking Financial Companies – Prudential Norms on Capital Adequacy) Directions, 2025 – For the purposes specified in paragraph 24
- (4) Reserve Bank of India (Non-Banking Financial Companies – Income Recognition, Asset Classification and Provisioning) Directions, 2025 – For the purposes specified in paragraph 102(1)
- (5) Reserve Bank of India (Non-Banking Financial Companies – Treatment of Wilful Defaulters and Large Defaulters) Directions, 2025 – As specified in paragraph 139
- (6) Reserve Bank of India (Non-Banking Financial Companies – Asset Liability Management) Directions, 2025 – For the purposes specified in paragraph 53
- (7) Reserve Bank of India (Non-Banking Financial Companies – Managing Risks in Outsourcing) Directions, 2025 – For the purposes specified in paragraph 134
- (8) Reserve Bank of India (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Directions, 2025 – For the purposes specified in paragraph 31 and 102(2)
- (9) Reserve Bank of India (Non-Banking Financial Companies – Credit Information Reporting) Directions, 2025 – For the purposes specified in paragraph 137 and 138
- (10) Reserve Bank of India (Non-Banking Financial Companies – Know Your Customer) Directions, 2025 – As specified in paragraph 125
- (11) Reserve Bank of India (Non-Banking Financial Companies - Account Aggregator) Directions, 2025 – As specified in paragraph 135

12. Notwithstanding the above, the instructions contained in these Directions shall be applicable to NBFC-CIC in addition and not in substitution to the other relevant instructions contained in the directions mentioned in paragraph 11 above.

Chapter-II – Role of Board and Registration

A. Role of Board and Periodic Review

1. A CIC shall put in place Board approved policies and establish periodic review mechanisms to ensure sound processes and systems. An illustrative list of such policies to be approved by the Board or a Committee(s) to which powers have been delegated is provided below. The specific aspects to be addressed in these policies are detailed in the relevant paragraphs of these Directions.

- (1) Internal Capital Adequacy Assessment Process (ICAAP)
- (2) Investment policy
- (3) Policy on demand / call loans
- (4) Policy for ascertaining ‘fit and proper’ status / criteria of directors
- (5) Compensation policy which shall, at the minimum, include constitution of a remuneration committee, principles for fixed / variable pay structures and malus / clawback provisions
- (6) Safeguard independence of the Chief Risk Officer (CRO)
- (7) Policy for resource planning which, inter alia, shall cover the planning horizon and the periodicity of private placement of Non-Convertible Debentures (NCDs)

B. Registration

13. A CIC shall apply to the Reserve Bank, through PRAVAAH Portal, for grant of Certificate of Registration, irrespective of any advice in the past, issued by the Bank, to the contrary.

14. A CIC shall apply to the Reserve Bank, through PRAVAAH Portal, for grant of Certificate of Registration within a period of three months from the date of becoming a CIC.

15. A CIC (a) with an asset size of less than ₹100 crore, irrespective of whether accessing public funds or not and (b) with an asset size of ₹100 crore and above and not accessing public funds are not required to register with the Reserve Bank under Section 45IA of the RBI Act, 1934, and will be termed as ‘Unregistered CIC’. However,

CIC may be required to issue guarantees or take on other contingent liabilities on behalf of their group entities. Before doing so, a CIC must ensure that it can meet the obligations thereunder, as and when they arise. In particular, Unregistered CIC must be in a position to do so without recourse to public funds in the event the liability devolves, else they shall approach the Reserve Bank for registration before accessing public funds.

16. If unregistered CIC with asset size above ₹100 crore accesses public funds without obtaining a Certificate of Registration (CoR) from the Reserve Bank, it shall be violating regulations contained in these Directions.

C. Investment from FATF non-compliant jurisdictions

17. Investments in CIC from FATF non-compliant jurisdictions shall not be treated at par with that from the compliant jurisdictions. New investors from or through noncompliant FATF jurisdictions, whether in existing CIC or in companies seeking Certification of Registration (COR), should not be allowed to directly or indirectly acquire 'significant influence' in the investee, as defined in the applicable accounting standards. In other words, fresh investors (directly or indirectly) from such jurisdictions in aggregate should be less than the threshold of 20 percent of the voting power (including potential voting power) of the CIC.

Note:

(1) The Financial Action Task Force (FATF) periodically identifies jurisdictions with weak measures to combat money laundering and terrorist financing (AML/CFT) in its following publications: i) High-Risk Jurisdictions subject to a Call for Action, and ii) Jurisdictions under Increased Monitoring. A jurisdiction, whose name does not appear in the two aforementioned lists, shall be referred to as a FATF compliant jurisdiction.

(2) Potential voting power could arise from instruments that are convertible into equity, other instruments with contingent voting rights, contractual arrangements, etc. that grant investors voting rights (including contingent voting rights) in the future. In such cases, it should be ensured that new investments from FATF non-compliant jurisdictions are less than both (i) 20 percent of the existing voting powers and (ii) 20 percent of existing and potential voting powers assuming those potential voting rights have materialised.

18. Investors in existing CIC holding their investments prior to the classification of the source or intermediate jurisdiction/s as FATF non-compliant, may continue with the investments or bring in additional investments as per extant regulations so as to support continuity of business in India.

D. Group Structure

19. The number of layers of a CIC within a Group (including the parent CIC) shall be restricted to two, irrespective of the extent of direct or indirect holding/ control exercised by a CIC in the other CIC. If a CIC makes any direct/ indirect equity investment in another CIC, it will be deemed as a layer for the investing CIC.

Chapter-III – Capital Requirements

A. Net Worth

20. Adjusted Net Worth of a CIC shall at no point of time be less than 30 percent of its aggregate risk weighted assets on balance sheet and risk adjusted value of off-balance sheet items as on the date of the last audited balance sheet as at the end of the financial year.

B. On balance sheet assets

21. In these Directions, degrees of credit risk expressed as percentage weights have been assigned to balance sheet assets. Hence, the value of each asset / item requires to be multiplied by the relevant risk weights to arrive at risk adjusted value of assets. The aggregate shall be taken into account for reckoning the capital ratio. The risk weighted assets shall be calculated as the weighted aggregate of funded items as detailed hereunder:

Weighted risk assets - On-Balance Sheet items	Percentage weight
(i) Cash and bank balances including fixed deposits and certificates of deposits with banks	0
(ii) Investments	
(a) Approved Securities [Except at (c) below]	0
(b) Bonds of public sector banks	20
(c) Fixed deposits/certificates of deposits/bonds of public financial institutions	100
(d) Shares of all companies and debentures / bonds/commercial papers of all companies and units of all mutual funds	100
(iii) Current assets	
(a) Stock on hire (net book value)	100
(b) Intercorporate loans/deposits	100
(c) Loans and advances fully secured against deposits held	0
(d) Loans to staff	0

(e) Other secured loans and advances considered good [Except at (vi) below]	100
(f) Bills purchased/discounted	100
(g) Others (To be specified)	100
(iv) Fixed Assets (net of depreciation)	
(a) Assets leased out (net book value)	100
(b) Premises	100
(c) Furniture & Fixtures	100
(v) Other assets	
(a) Income tax deducted at source (net of provision)	0
(b) Advance tax paid (net of provision)	0
(c) Interest due on Government securities	0
(d) Others (to be specified) 7including ROU assets	100
(vi) Domestic Sovereign	
(a) fund based claims on the Central Government	0
(b) Direct loan / credit / overdraft exposure and investment in State Government securities	0
(c) Central Government guaranteed claims	0
(d) State Government guaranteed claims, which have not remained in default / which are in default for a period not more than 90 days	20
(e) State Government guaranteed claims, which have remained in default for a period of more than 90 days	100

Notes:

- (1) Netting shall be done only in respect of assets where provisions for depreciation or for bad and doubtful debts have been made.
- (2) Assets which have been deducted from owned funds to arrive at net owned funds shall have a weight of 'zero'.
- (3) While calculating the aggregate of funded exposure of a borrower for the purpose of assignment of risk weight, such CIC shall net off the amount of cash

margin/caution money/security deposits (against which right to set-off is available) held as collateral against the advances out of the total outstanding exposure of the borrower.

(4) The counterparty credit risk, arising out of exposure of CIC to CCIL on account of securities financing transactions (CBLOs) shall carry a risk weight of zero, as it is presumed that the CCP's exposures to their counterparties are fully collateralised on a daily basis, thereby providing protection for the CCP's credit risk exposures. The deposits / collaterals kept by CIC with CCIL shall attract a risk weight of 20 percent.

C. Off-balance sheet items

22. In these Directions, degrees of credit risk exposure attached to off-balance sheet items have been expressed as percentage of credit conversion factor. Hence, the face value of each item requires to be first multiplied by the relevant conversion factor to arrive at risk adjusted value of off-balance sheet item. The aggregate shall be taken into account for reckoning the minimum capital ratio. This shall have to be again multiplied by the risk weight of 100. The risk adjusted value of the off-balance sheet items shall be calculated as per the credit conversion factors of non-funded items as detailed hereunder: -

Nature of item	Credit conversion factor Percentage
i) Financial & other guarantees	100
ii) Share/debenture underwriting obligations	50
iii) Partly-paid shares/debentures	100
iv) Bills discounted/rediscounted	100
v) Lease contracts entered into but yet to be executed	100

D. Leverage Ratio

23. The outside liabilities of a CIC shall at no point of time exceed 2.5 times its Adjusted Net Worth as on the date of the last audited balance sheet as at the end of the financial year.

E. Internal Capital Adequacy Assessment Process (ICAAP)

24. A CIC is required to make a thorough internal assessment of the need for capital (as reflected in ANW and leverage ratio), commensurate with the risks in their business. This internal assessment shall be on similar lines as ICAAP prescribed for commercial banks under Pillar 2 at Reserve Bank of India (Commercial Banks – Prudential Norms on Capital Adequacy) Directions, 2025 , as amended from time to time. While Pillar 2 capital will not be insisted upon, a CIC is required to make a realistic assessment of risks. Internal capital assessment shall factor in credit risk, market risk, operational risk and all other residual risks as per methodology to be determined internally. The methodology for internal assessment of capital shall be proportionate to the scale and complexity of operations as per their Board approved policy. The objective of ICAAP is to ensure availability of adequate capital to support all risks in business as also to encourage a CIC to develop and use better internal risk management techniques for monitoring and managing their risks. This will facilitate an active dialogue between the supervisors and CIC on the assessment of risks and monitoring as well as mitigation of the same.

Chapter-IV – Prudential Regulations

25. Prudential Regulations shall be applicable to a CIC as defined at paragraph 9(7) of these Directions.

A. Income recognition

26. The income recognition shall be based on recognised accounting principles.

27. Income including interest/ discount/ hire charges/ lease rentals or any other charges on NPA shall be recognised only when it is actually realised. Any such income recognised before the asset became non-performing and remaining unrealised shall be reversed.

B. Income from investments

28. Income from dividend on shares of corporate bodies and units of mutual funds shall be taken into account on cash basis:

Provided that the income from dividend on shares of corporate bodies shall be taken into account on accrual basis when such dividend has been declared by the corporate body in its annual general meeting and the CIC's right to receive payment is established.

29. Income from bonds and debentures of corporate bodies and from Government securities/bonds shall be taken into account on accrual basis:

Provided that the interest rate on these instruments is pre-determined and interest is serviced regularly and is not in arrears.

30. Income on securities of corporate bodies or public sector undertakings, the payment of interest and repayment of principal of which have been guaranteed by Central Government or a State Government shall be taken into account on accrual basis.

C. Accounting standards

31. A CIC, that is required to implement Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015, shall prepare their financial statements in accordance with Ind AS notified by the Government of India and shall comply with the regulatory guidance prescribed vide the Reserve Bank of India (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Directions, 2025 as amended from time to time. Other CICs shall comply with the

requirements of notified Accounting Standards (AS) insofar as they are not inconsistent with any of these directions.

D. Accounting of investments

32. The Board of Directors of a CIC shall frame investment policy for the company and shall implement the same.

33. The criteria to classify the investments into current and long term investments shall be spelt out by the Board of the company in the investment policy.

34. Investments in securities shall be classified into current and long term, at the time of making each investment.

35. In case of inter-class transfer:

- (1) There shall be no such transfer on ad-hoc basis;
- (2) such transfer, if warranted, shall be effected only at the beginning of each half year, on April 1 or October 1, with the approval of the Board;
- (3) the investments shall be transferred scrip-wise, from current to long-term or vice versa, at book value or market value, whichever is lower;
- (4) the depreciation, if any, in each scrip shall be fully provided for and appreciation, if any, shall be ignored;
- (5) the depreciation in one scrip shall not be set off against appreciation in another scrip, at the time of such inter-class transfer, even in respect of the scrips of the same category.

36. Quoted current investments shall, for the purposes of valuation, be grouped into the following categories, viz.

- (i) equity shares,
- (ii) preference shares,
- (iii) debentures and bonds,
- (iv) Government securities including treasury bills,
- (v) units of mutual fund, and
- (vi) others

37. Quoted current investments for each category shall be valued at cost or market value whichever is lower. For this purpose, the investments in each category shall be considered scrip-wise and the cost and market value aggregated for all investments in each category. If the aggregate market value for the category is less than the aggregate cost for that category, the net depreciation shall be provided for or charged to the profit and loss account. If the aggregate market value for the category exceeds the aggregate cost for the category, the net appreciation shall be ignored. Depreciation in one category of investments shall not be set off against appreciation in another category.

38. Unquoted equity shares in the nature of current investments shall be valued at cost or breakup value, whichever is lower. However, CIC may substitute fair value for the breakup value of the shares, if considered necessary. Where the balance sheet of the investee company is not available for two years, such shares shall be valued at one Rupee only.

39. Unquoted preference shares in the nature of current investments shall be valued at cost or face value, whichever is lower.

40. Investments in unquoted Government securities or Government guaranteed bonds shall be valued at carrying cost.

41. Unquoted investments in the units of mutual funds in the nature of current investments shall be valued at the net asset value declared by the mutual fund in respect of each particular scheme.

42. Commercial papers shall be valued at carrying cost.

43. A long term investment shall be valued in accordance with the applicable Accounting Standard.

Note: Unquoted debentures shall be treated as term loans or other type of credit facilities depending upon the tenure of such debentures for the purpose of income recognition and asset classification.

E. Need for policy on demand/ call loans

44. The Board of Directors of a CIC granting/intending to grant demand/call loans shall frame a policy for the company and implement the same.

45. Such policy shall, inter alia, stipulate the following,-

- (1) A cut-off date within which the repayment of demand or call loan shall be demanded or called up;
- (2) The sanctioning authority shall, record specific reasons in writing at the time of sanctioning demand or call loan, if the cut-off date for demanding or calling up such loan is stipulated beyond a period of one year from the date of sanction;
- (3) The rate of interest which shall be payable on such loans;
- (4) Interest on such loans, as stipulated shall be payable either at monthly or quarterly rests;
- (5) The sanctioning authority shall, record specific reasons in writing at the time of sanctioning demand or call loan, if no interest is stipulated or a moratorium is granted for any period;
- (6) A cut-off date, for review of performance of the loan, not exceeding six months commencing from the date of sanction;
- (7) Such demand or call loans shall not be renewed unless the periodical review has shown satisfactory compliance with the terms of sanction.

F. Asset classification

46. A CIC shall, after taking into account the degree of well-defined credit weaknesses and extent of dependence on collateral security for realisation, classify its lease/hire purchase assets, loans and advances and any other forms of credit into the following classes, namely:

- (1) Standard assets;
- (2) Sub-standard assets;
- (3) Doubtful assets; and
- (4) Loss assets

47. The class of assets referred to above shall not be upgraded merely as a result of rescheduling, unless it satisfies the conditions required for the upgradation.

48. For CIC the asset classification norms shall be as follows:

- (1) "standard asset" shall mean the assets in respect of which, no default in repayment of principal or payment of interest is perceived and which does not disclose any problem or carry more than normal risk attached to the business;
- (2) "sub-standard asset" shall mean:
 - (i) an asset which has been classified as non-performing asset for a period not exceeding 12 months;
 - (ii) an asset where the terms of the agreement regarding interest and / or principal have been renegotiated or rescheduled or restructured after commencement of operations, until the expiry of one year of satisfactory performance under the renegotiated or rescheduled or restructured terms;
- (3) Doubtful asset shall mean:
 - (i) a term loan, or
 - (ii) a lease asset, or
 - (iii) a hire purchase asset, or
 - (iv) any other asset, which remains a sub-standard asset 'exceeding 12 months'.
- (4) loss asset shall mean:
 - (i) an asset which has been identified as loss asset by the CIC or its internal or external auditor or by the Bank during its inspection, to the extent it is not written off by it; and
 - (ii) an asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non-availability of security or due to any fraudulent act or omission on the part of the borrower
- (5) Non-Performing Asset (referred to in these Directions as "NPA") shall mean:
 - (i) an asset, in respect of which, interest has remained overdue for a period of more than 90 days;
 - (ii) a term loan inclusive of unpaid interest, when the instalment is overdue for a period of more than 90 days or on which interest amount remained overdue for a period of more than 90 days ;

- (iii) a demand or call loan, which remained overdue for more than 90 days from the date of demand or call or on which interest amount remained overdue for a period of more than 90 days;
- (iv) a bill which remains overdue for a period of more than 90 days;
- (v) the interest in respect of a debt or the income on receivables under the head 'other current assets' in the nature of short term loans/advances, which facility remained overdue for a period of more than 90 days;
- (vi) any dues on account of sale of assets or services rendered or reimbursement of expenses incurred, which remained overdue for a period of more than 90 days
- (vii) the lease rental and hire purchase instalment, which has become overdue for a period of more than 90 days;
- (viii) in respect of loans, advances and other credit facilities (including bills purchased and discounted), the balance outstanding under the credit facilities (including accrued interest) made available to the same borrower/beneficiary when any of the above credit facilities becomes non-performing asset:

Provided that in the case of lease and hire purchase transactions, a CIC, shall classify each such account on the basis of its record of recovery.

G. Provisioning requirements

49. A CIC shall, after taking into account the time lag between an account becoming non-performing, its recognition as such, the realisation of the security and the erosion over time in the value of security charged, make provision against substandard assets, doubtful assets and loss assets as provided hereunder:-

50. Loans, advances and other credit facilities including bills purchased and discounted:

(1) The provisioning requirement in respect of loans, advances and other credit facilities including bills purchased and discounted shall be as under:

(i) Loss Assets	The entire asset shall be written off. If the assets are permitted to remain in the books for any reason, 100 per cent of the outstanding shall be provided for;
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(ii) Doubtful Assets	<p>(a) 100 per cent provision to the extent to which the advance is not covered by the realisable value of the security to which the CIC has a valid recourse shall be made. The realisable value shall be estimated on a realistic basis;</p> <p>(b) In addition to item (a) above, depending upon the period for which the asset has remained doubtful, provision to the extent of 20 per cent to 50 per cent of the secured portion (i.e. Estimated realisable value of the outstanding) shall be made on the following basis:-</p>								
	<table border="1" data-bbox="568 792 1399 1163"> <thead> <tr> <th data-bbox="589 792 981 972">Period for which the asset has been considered as doubtful</th><th data-bbox="981 792 1399 972">Percent of provision</th></tr> </thead> <tbody> <tr> <td data-bbox="589 972 981 1035">Up to one year</td><td data-bbox="981 972 1399 1035">20</td></tr> <tr> <td data-bbox="589 1035 981 1098">One to three years</td><td data-bbox="981 1035 1399 1098">30</td></tr> <tr> <td data-bbox="589 1098 981 1163">More than three years</td><td data-bbox="981 1098 1399 1163">50</td></tr> </tbody> </table>	Period for which the asset has been considered as doubtful	Percent of provision	Up to one year	20	One to three years	30	More than three years	50
Period for which the asset has been considered as doubtful	Percent of provision								
Up to one year	20								
One to three years	30								
More than three years	50								
(iii) Sub-standard assets	A general provision of 10 percent of total outstanding shall be made.								

(2) Lease and hire purchase assets - The provisioning requirements in respect of hire purchase and leased assets shall be as under:

- (i) Hire purchase assets - In respect of hire purchase assets, the total dues (overdue and future instalments taken together) as reduced by
- (a) the finance charges not credited to the profit and loss account and carried forward as unmatured finance charges; and
 - (b) the depreciated value of the underlying asset, shall be provided for.

Explanation: For the purpose of this paragraph,

- the depreciated value of the asset shall be notionally computed as the original cost of the asset to be reduced by depreciation at the rate of twenty per cent per annum on a straight line method; and

- in the case of second hand asset, the original cost shall be the actual cost incurred for acquisition of such second hand asset.

51. Additional provision for hire purchase and leased assets

(1) In respect of hire purchase and leased assets, additional provision shall be made as under:

(a) Where hire charges or lease rentals are overdue upto 12 months	Nil
(b) Where hire charges or lease rentals are overdue for more than 12 months but upto 24 months	10 percent of the net book value
(c) Where hire charges or lease rentals are overdue for more than 24 months but upto 36 months	40 percent of the net book value
(d) where hire charges or lease rentals are overdue for more than 36 months but upto 48 months	70 percent of the net book value
(e) where hire charges or lease rentals are overdue for more than 48 months	100 percent of the net book value

(2) On expiry of a period of 12 months after the due date of the last instalment of hire purchase/leased asset, the entire net book value shall be fully provided for.

Notes:

- (i) The amount of caution money/margin money or security deposits kept by the borrower with the CIC in pursuance of the hire purchase agreement shall be deducted against the provisions stipulated under clause (i) above, if not already taken into account while arriving at the equated monthly instalments under the agreement. The value of any other security available in pursuance to the hire purchase agreement shall be deducted only against the provisions stipulated under clause (1) above.
- (ii) The amount of security deposits kept by the borrower with the CIC in pursuance to the lease agreement together with the value of any other security available in pursuance to the lease agreement shall be deducted only against the provisions stipulated under clause (1) above.
- (iii) It is clarified that income recognition on and provisioning against NPAs are two different aspects of prudential norms and provisions as per the norms are required to be

made on NPAs on total outstanding balances including the depreciated book value of the leased asset under reference after adjusting the balance, if any, in the lease adjustment account. The fact that income on an NPA has not been recognised shall not be taken as reason for not making provision.

- (iv) An asset which has been renegotiated or rescheduled as referred to in paragraph 48(2)(ii) of these Directions shall be a sub-standard asset or continue to remain in the same category in which it was prior to its renegotiation or reschedulement as a doubtful asset or a loss asset as the case may be. Necessary provision shall be made as applicable to such asset till it is upgraded.
- (v) A CIC shall make disclosures related to provisions as per the directions contained in paragraph 4 of [Annex V](#) of these Directions.
- (vi) All financial leases written on or after April 1, 2001 shall attract the provisioning requirements as applicable to hire purchase assets.

H. Provision for Standard Assets

52. A CIC in Middle Layer shall make provision for standard assets at 0.40 percent of the outstanding which shall not be reckoned for arriving at net NPAs. The provision towards standard assets shall not be netted from gross advances but shall be shown separately as 'Contingent Provisions against Standard Assets' in the balance sheet.

I. Guidelines on Liquidity Risk Management Framework

53. A CIC shall adhere to the set of liquidity risk management guidelines as detailed Reserve Bank of India (Non-Banking Financial Companies – Asset Liability Management) Directions, 2025, as applicable. It will be the responsibility of the Board of each CIC to ensure that the guidelines are adhered to. The internal controls required to be put in place by a CIC as per these guidelines shall be subject to supervisory review.

J. Accounting year

54. A CIC shall prepare its balance sheet and profit and loss account as on March 31 every year. Whenever a CIC intends to extend the date of its balance sheet as per provisions of the Companies Act, it shall take prior approval of the Reserve Bank before approaching the Registrar of Companies for this purpose.

55. Further, even in cases where the Reserve Bank and the Registrar of Companies grant extension of time, a CIC shall furnish to the Reserve Bank a proforma balance sheet (unaudited) as on March 31 of the year and the statutory returns due on the said date. Every applicable CIC (whether listed or not) shall finalise its balance sheet within a period of 3 months from the date to which it pertains or any such date as notified by SEBI for submission of financial results by listed entities.

K. Schedule to the balance sheet

56. A CIC shall append to its balance sheet prescribed under the Companies Act, 2013, the particulars in the schedule as set out in [Annex I](#).

L. Declaration of dividends

57. CIC shall comply with the following guidelines to declare dividends.

(1) The Board of Directors, while considering the proposals for dividend, shall take into account each of the following aspects:

- (a) Supervisory findings of the Reserve Bank on divergence in classification and provisioning for NPAs.
- (b) Qualifications in the Auditors Report to the financial statements.
- (c) Long term growth plans of the CIC.

(2) CIC that meets the following minimum prudential requirements shall be eligible to declare dividend:

- (a) CIC shall have met the minimum capital requirements (including minimum adjusted net worth and maximum leverage ratio) prescribed under paragraphs 20 to 23 of these Directions in each of the last three financial years including the financial year for which the dividend is proposed.

Note: Where a CIC has been in existence for less than three financial years, it shall be since registration.

- (b) The net NPA ratio shall be less than six per cent in each of the last three years, including as at the close of the financial year for which dividend is proposed to be declared.
- (c) CIC shall comply with the provisions of Section 45 IC of the RBI Act, 1934.

(d) CIC shall be compliant with the prevailing regulations/ guidelines issued by the Reserve Bank. The Reserve Bank shall not have placed any explicit restrictions on declaration of dividend.

(3) CIC that meets eligibility criteria specified in paragraph 57(2) above can declare dividend up to a dividend payout ratio of 60 per cent.

(4) A CIC which does not meet the applicable capital requirements and/ or the net NPA ratio requirement as above, for each of the last three financial years, shall be eligible to declare dividend, subject to a cap of 10 per cent on the dividend payout ratio, provided the CIC complies with both the following conditions:

- (a) meets the applicable minimum capital requirements (including minimum adjusted net worth and maximum leverage ratio) requirement, as per this Master Direction, in the financial year for which it proposes to pay dividend, and
- (b) has net NPA of less than four percent as at the close of the financial year.

(5) The Board shall ensure that the total dividend proposed for the financial year does not exceed the ceilings specified in these guidelines. The Reserve Bank shall not entertain any request for ad-hoc dispensation on declaration of dividend.

(6) CIC declaring dividend shall report details of dividend declared during the financial year as per the format prescribed in [Annex II](#). The report shall be furnished within a fortnight after declaration of dividend to the Regional Office of the Department of Supervision of the Reserve Bank.

M. Transactions in Government securities

58. A CIC shall undertake transactions in Government securities through its gilt account or its demat account or any other account, as permitted by the Reserve Bank.

N. Loans against CIC own shares prohibited

59. A CIC shall not lend against its own shares.

O. Information with respect to change of address, directors, auditors, etc. to be submitted

60. A CIC shall communicate, not later than one month from the occurrence of any change in:

- (1) the complete postal address, telephone number/s and fax number/s of the registered/corporate office;
- (2) the names and residential addresses of the directors of the company;
- (3) the names and the official designations of its principal officers;
- (4) the names and office address of the auditors of the company; and
- (5) the specimen signatures of the officers authorised to sign on behalf of the company;

to the Regional Office of the Department of Supervision of the Bank under whose jurisdiction the CIC is registered.

P. CIC not to be partners in partnership firms

61. A CIC shall not contribute to the capital of a partnership firm or become a partner of such firm.

62. CIC which had already contributed to the capital of a partnership firm or was a partner of a partnership firm shall seek early retirement from the partnership firm.

63. In this connection it is further clarified that;

- (i) Partnership firms mentioned above shall also include Limited Liability Partnerships (LLPs).
- (ii) Further, the aforesaid prohibition shall also be applicable with respect to Association of persons; these being similar in nature to partnership firms

Q. Loans against security of shares

64. CIC lending against the collateral of listed shares shall,

(1) maintain a Loan to Value (LTV) ratio of 50 percent for loans granted against the collateral of shares. LTV ratio of 50 percent is required to be maintained at all times. Any shortfall in the maintenance of the 50 percent LTV occurring on account of movement in the share prices shall be made good within 7 working days

(2) in case where lending is being done for investment in capital markets, accept only Group 1 securities (specified in SMD/Policy/Cir-9/2003 dated March 11, 2003 as amended from time to time, issued by SEBI) as collateral for loans of value more than ₹ 5 lakh, subject to review by the Bank.

(3) report on-line to stock exchanges on a quarterly basis, information on the shares pledged in their favour, by borrowers for availing loans in format as given in [Annex III](#).

R. Investments in Alternative Investment Funds (AIFs)

65. Investments by CICs in AIFs shall be guided by Reserve Bank of India (Non-Banking Financial Companies – Undertaking of Financial Services) Directions, 2025 as updated from time to time.

Chapter-V – Risk Management and Governance Issues

A. Acquisition / Transfer of Control

66. A CIC as defined in paragraph 9(7) of these Directions, shall require prior written permission of the Reserve Bank for the following:

(1) any takeover or acquisition of control of CIC, which may or may not result in change of management;

(2) any change in the shareholding of CIC, including progressive increases over time, which results in acquisition / transfer of shareholding of 26 per cent or more of the paid up equity capital of the CIC.

Provided that prior approval shall not be required in case of any shareholding going beyond 26 per cent due to buyback of shares / reduction in capital where it has approval of a competent Court. The same is to be reported to the Bank not later than one month from its occurrence;

(3) any change in the management of the CIC which results in change in more than 30 per cent of the directors, excluding independent directors.

Provided that prior approval shall not be required in case of directors who get re-elected on retirement by rotation.

67. Notwithstanding sub-paragraph (1) above, CIC shall continue to inform the Reserve Bank regarding any change in its directors / management not later than one month from the occurrence of any change.

B. Application for prior approval

68. CIC shall submit an application, in the company letter head, for obtaining prior approval of the Reserve Bank as above, along with the following documents:

- (1) Information about the proposed directors / shareholders as per the [**Annex IV**](#);
- (2) Sources of funds of the proposed shareholders acquiring the shares in the CIC;
- (3) Declaration by the proposed directors / shareholders that they are not associated with any unincorporated body that is accepting deposits;
- (4) Declaration by the proposed directors / shareholders that they are not associated with any company, the application for Certificate of Registration (CoR) of which has been rejected by the Bank;

- (5) Declaration by the proposed directors / shareholders that there is no criminal case, including for offence under Section 138 of the Negotiable Instruments Act, against them; and
- (6) Bankers' Report on the proposed directors / shareholders.

69. Applications in this regard shall be submitted to the Regional Office of the Department of Supervision in whose jurisdiction the Registered Office of the CIC is located.

C. Requirement of Prior Public Notice about change in control

70. A public notice of at least 30 days shall be given before effecting the sale of, or transfer of the ownership by sale of shares, or transfer of control, whether with or without sale of shares. Such public notice shall be given by the CIC and also by the other party or jointly by the parties concerned, after obtaining the prior permission of the Bank.

71. The public notice shall indicate the intention to sell or transfer ownership / control, the particulars of transferee and the reasons for such sale or transfer of ownership / control. The notice shall be published in at least one leading national and in one leading local (covering the place of registered office) vernacular newspaper.

D. Investment from FATF non-compliant jurisdictions

72. CICs shall also ensure compliance to the instructions as specified in the paragraphs 17 and 18 of these directions.

Chapter-VI – Corporate Governance and Disclosure requirements

A. Corporate Governance Requirements

73. Corporate governance requirements will be as per the Companies Act, 2013.
74. Disclosure requirements will be applicable to a CIC as per the guidelines contained at [Annex V](#) of these Directions.
75. A CIC is required to make disclosures in its financial statements in accordance with existing prudential guidelines, applicable accounting standards, laws and regulations.
76. The disclosures outlined in [Annex V](#) are in addition to and not in substitution of the disclosure requirements specified under other laws, regulations, or accounting and financial reporting standards.
77. It may be noted that disclosure requirements applicable to lower layers of CICs will be applicable to CICs in higher layers. The guidelines indicate basic minimum requirements and a CIC shall strive to achieve higher standards of governance and disclosure, especially if such disclosures significantly aid in understanding of the financial position and performance.
78. A CIC may omit those line items / disclosures from [Annex V](#) which are not applicable / not permitted or with no exposure / no transaction both in the current year and previous year.
79. It may be noted that mere mention of an activity, transaction or item in the disclosure template does not imply that it is permitted, and a CIC shall refer to the extant statutory and regulatory requirements while determining the permissibility or otherwise of an activity or transaction.
80. Further, a CIC shall include comparative information for narrative and descriptive information, if it is relevant to understanding the current period's financial statements.
81. A CIC shall ensure that a policy is put in place with the approval of the Board for ascertaining the 'fit and proper' status of directors not only at the time of appointment, but also on a continuous basis.
82. A CIC shall

- (1) ensure that a policy is put in place with the approval of the Board of Directors for ascertaining the fit and proper criteria of the directors at the time of appointment, and on a continuing basis. The policy on the fit and proper criteria shall be on the lines of the Guidelines contained in paragraphs 83 and 84 below;
- (2) obtain a declaration and undertaking from the directors giving additional information on the directors. The declaration and undertaking shall be on the lines of the format given in **Annex VI**;
- (3) obtain a Deed of Covenant signed by the directors, which shall be in the format as given in **Annex VII**;
- (4) furnish to the Reserve Bank a quarterly statement on change of directors, and a certificate from the Managing Director of the CIC that fit and proper criteria in selection of the directors has been followed. The statement must reach the Regional Office of the Department of Supervision of the Reserve Bank where the company is registered, within 15 days of the close of the respective quarter. The statement submitted by applicable CIC for the quarter ending March 31, shall be certified by the auditors.

Provided that the Reserve Bank, if it deems fit and in public interest, reserves the right to examine the fit and proper criteria of directors of any CIC irrespective of the asset size of such CIC.

B. ‘Fit and Proper’ Criteria for directors of CICs - Guidelines

83. Reserve Bank had issued a Directive in June 2004 to banks on undertaking due diligence on the persons before appointing them on the Boards of banks based on the ‘Report of the Consultative Group of directors of Banks / Financial Institutions’. Specific ‘fit and proper’ criteria to be fulfilled by the directors were also advised.

84. The importance of due diligence of directors to ascertain suitability for the post by way of qualifications, technical expertise, track record, integrity, etc. needs no emphasis for any financial institution. It is proposed to follow the same guidelines mutatis mutandis in case of a CIC also. While the Reserve Bank does carry out due diligence on directors before issuing Certificate of Registration to a CIC, it is necessary that a CIC puts in place an internal supervisory process on a continuing basis. Further, in order to streamline and bring in uniformity in the process of due diligence, while appointing directors, CIC shall ensure that the procedures mentioned below are followed and minimum criteria fulfilled by the persons before they are appointed on the Boards:

- (1) A CIC shall undertake a process of due diligence to determine the suitability of the person for appointment / continuing to hold appointment as a director on the Board, based

upon qualification, expertise, track record, integrity and other ‘fit and proper’ criteria. CIC shall obtain necessary information and declaration from the proposed / existing directors for the purpose in the format given at [Annex VI](#).

(2) The process of due diligence shall be undertaken by the CIC at the time of appointment / renewal of appointment.

(3) The boards of the CIC shall constitute Nomination and Remuneration Committees (Nomination Committee for Government owned CICs) to scrutinize the declarations.

(4) Based on the information provided in the signed declaration, Nomination and Remuneration Committees shall decide on the acceptance or otherwise of the directors, where considered necessary.

(5) A CIC shall obtain annually as on 31st March a simple declaration from the directors that the information already provided has not undergone change and where there is any change, requisite details are furnished by them forthwith.

(6) The Board of the CIC must ensure in public interest that the nominated / elected directors execute the deeds of covenants in the format given in [Annex VII](#).

Note: Nomination Committee for Government owned CICs.

C. Experience of the Board

85. Considering the need for professional experience in managing the affairs of the CIC, at least one of the directors shall have relevant experience of having worked in a bank/ NBFC.

D. Key Managerial Personnel

86. Except for directorship in a subsidiary, Key Managerial Personnel of the CICs shall not hold any office (including directorships) in any other NBFC-ML or NBFC-UL. A timeline of two years was provided with effect from October 01, 2022 to ensure compliance with these norms. It is clarified that they can assume directorship in NBFC-BL.

E. Independent Director

87. Within the permissible limits in terms of Companies Act, 2013, an independent director of the CIC shall not be on the Board of more than three NBFCs (NBFC-ML or NBFC-UL) at the same time. Further, the Board of the CIC shall ensure that there is no conflict arising out of their independent directors being on the Board of another NBFC at the same time. A timeline of two years was provided with effect from October 01, 2022 to

ensure compliance with these norms. There shall be no restriction to directorship on the Boards of NBFCs-BL, subject to provisions of Companies Act, 2013.

F. Guidelines on Compensation of Key Managerial Personnel (KMP) and Senior Management in CICs

88. In order to address issues arising out of excessive risk taking caused by misaligned compensation packages, CICs (except Government owned CICs) are required to put in place a Board approved compensation policy. The policy shall at the minimum include

- (1) constitution of a Remuneration Committee,
- (2) principles for fixed/variable pay structures, and
- (3) malus/clawback provisions.

89. The Board of CICs should delineate the role of various committees, including Nomination and Remuneration Committee (NRC). Further, NBFCs shall comply with the guidelines furnished in paragraph 90 below.

G. Guidelines on Compensation of Key Managerial Personnel and Senior Management in CICs: Minimum Scope and coverage

90. Nomination and Remuneration Committee (NRC): The Boards of all applicable CICs shall constitute a Nomination and Remuneration Committee (NRC). The NRC shall have the constitution, powers, functions and duties as laid down in section 178 of the Companies Act, 2013. The NRC, *inter alia*, shall also have the mandate to oversee the framing, review and implementation of compensation policy of the company which should have the approval of the board. The NRC may work in close coordination with RMC of the CIC to achieve effective alignment between compensation and risks. Further, the NRC may ensure that compensation levels are supported by the need to retain earnings of the CIC. NRC may also ensure ‘fit and proper’ status of proposed/existing directors and that there is no conflict of interest in appointment of directors on Board of the CIC, KMPs and senior management.

(1) Principles for compensation

(i) **Components and risk alignment:** The compensation of Key Managerial Personnel (KMPs) and senior management needs to be reasonable, recognising all relevant factors including adherence to statutory requirements and industry practices. The compensation packages may comprise of fixed and variable pay components aligned effectively with prudent risk taking to ensure that compensation is adjusted for all types

of risks, the compensation outcomes are symmetric with risk outcomes, compensation pay-outs are sensitive to the time horizon of the risks, and the mix of cash, equity and other forms of compensation are consistent with risk alignment.

(ii) **Composition of Fixed Pay:** All the fixed items of compensation, including the perquisites and contributions towards superannuation/retirement benefits, may be treated as part of fixed pay. All perquisites that are reimbursable may also be included in the fixed pay so long as there are monetary ceilings on these reimbursements. Monetary equivalent of benefits of non-monetary nature (such as free furnished house, use of company car, etc.) may also be part of fixed pay.

(iii) **Principles for Variable Pay**

(a) **Composition of Variable Pay:** The variable pay may be in the form of share-linked instruments, or a mix of cash and share-linked instruments. It shall be ensured that the share-linked instruments are in conformity with relevant statutory provisions.

(b) **Proportion:** The proportion of variable pay in total compensation needs to be commensurate with the role and prudent risk taking profile of KMPs/senior management. At higher levels of responsibility, the proportion of variable pay needs to be higher. There should be proper balance between the cash and share-linked instruments in the variable pay in case the variable pay contains share linked instruments. The variable pay should be truly and effectively variable and can be reduced to zero based on performance at an individual, business-unit and companywide level. In order to do so, performance measures and their relation to remuneration packages should be clearly defined at the beginning of the performance measurement period to ensure that the employees perceive the incentive mechanism.

Note: Total compensation includes fixed and variable pay.

(c) **Deferral of variable pay:** Not all the variable pay awarded after performance assessment may be paid immediately. Certain portion of variable pay, as decided by the Board of the company, may be deferred to time horizon of the risks. The portion of deferral arrangement may be made applicable for both cash and non-cash components of the variable pay. Deferral period for such an arrangement may be decided by the Board of the CIC.

(d) **Control and assurance function personnel:** KMPs and senior management engaged in financial control, risk management, compliance and internal audit may be compensated in a manner that is independent of the business areas they oversee and

commensurate with their key role in the company. Accordingly, such personnel may have higher proportion of fixed compensation. However, a reasonable proportion of compensation may be in the form of variable pay, so that exercising the options of malus and/or clawback, when warranted, is not rendered infructuous.

(2) Guaranteed bonus

(i) Guaranteed bonus may not be paid to KMPs and senior management. However, in the context of new hiring joining/sign-on bonus could be considered. Such bonus will neither be considered part of fixed pay nor of variable pay.

(3) Malus/Clawback

(i) The deferred compensation may be subject to malus / clawback arrangements in the event of subdued or negative financial performance of the company and/or the relevant line of business or employee misconduct in any year. A representative set of situations may be identified by the CIC, which require them to invoke the malus and clawback clauses that may be applicable on entire variable pay. While setting criteria for the application of malus and clawback, CICs may also specify a period during which malus and/or clawback can be applied, covering at least the deferral and retention periods.

Notes:

(1) A malus arrangement permits the CIC to prevent vesting of all or part of the amount of a deferred remuneration. Malus arrangement does not reverse vesting after it has already occurred.

(2) A clawback is a contractual agreement between the employee and the CIC in which the employee agrees to return previously paid or vested remuneration to the MGC under certain circumstances.

(3) Retention period: A period of time after the vesting of instruments which have been awarded as variable pay during which they cannot be sold or accessed.

91. The guidelines are intended only for providing broad guidance to CICs and their NRCs in formulating their compensation policy. While formulating the compensation policy, it has to be ensured that all statutory mandates and the rules and directions issued under them are fully complied with.

92. These guidelines shall be for fixing the compensation policy of Key Managerial Personnel and members of senior management of all CICs.

Chapter-VII – Risk Management

A. Appointment of Chief Risk Officer

93. A CIC with asset size of more than ₹5,000 crore shall appoint a CRO with clearly specified roles and responsibilities.

94. The CRO is required to function independently so as to ensure highest standards of risk management.

95. The CIC shall strictly adhere to the following instructions in this regard:

(1) The CRO shall be a senior official in the hierarchy of a CIC and shall possess adequate professional qualification/ experience in the area of risk management.

(2) The CRO shall be appointed for a fixed tenure with the approval of the Board. The CRO can be transferred/ removed from his post before completion of the tenure only with the approval of the Board and such premature transfer/ removal shall be reported to the Department of Supervision of the Regional Office of the Reserve Bank under whose jurisdiction the CIC is registered. In case the CIC is listed, any change in incumbency of the CRO shall also be reported to the stock exchanges.

(3) The Board shall put in place policies to safeguard the independence of the CRO. In this regard, the CRO shall have direct reporting lines to the MD & CEO / Risk Management Committee (RMC) of the Board. In case the CRO reports to the MD & CEO, the RMC / Board shall meet the CRO without the presence of the MD & CEO, at least on a quarterly basis. The CRO shall not have any reporting relationship with the business verticals of the CIC and shall not be given any business targets. Further, there shall not be any ‘dual hatting’ i.e. the CRO shall not be given any other responsibility.

(4) The CRO shall be involved in the process of identification, measurement and mitigation of risks. All credit products (retail or wholesale) shall be vetted by the CRO from the angle of inherent and control risks. The CRO’s role in deciding credit proposals shall be limited to being an advisor.

(5) In a CIC that follows committee approach in credit sanction process for high value proposals, if the CRO is one of the decision makers in the credit sanction process, the CRO shall have voting power and all members who are part of the credit sanction process, shall individually and severally be liable for all the aspects, including risk perspective related to the credit proposal.

B. Risk Management Committee

96. In order that the Board is able to focus on risk management, a CIC shall constitute a Risk Management Committee (RMC) either at the Board or executive level. The RMC shall be responsible for evaluating the overall risks faced by the CIC including liquidity risk and shall report to the Board.

C. Constitution of Group Risk Management Committee

97. The parent CIC in the group or the CIC with the largest asset size, in case there is no identifiable parent CIC in the group, shall constitute a Group Risk Management Committee (GRMC). The GRMC shall report to the Board of the CIC that constitutes it and shall meet at least once in a quarter. The composition of GRMC shall be as under:

- (1) The GRMC shall comprise minimum of five members, including executive members.
- (2) At least two members shall be independent directors, one of whom shall be the Chairperson of the GRMC.
- (3) Members shall have adequate and commensurate experience in risk management practices.

98. The GRMC will have the following responsibilities:

- (1) Analyse the material risks to which the group, its businesses and subsidiaries are exposed. It must discuss all risk strategies both at an aggregated level and by type of risk and make recommendations to the Board in accordance with the group's overall risk appetite.
- (2) Identify potential intra-group conflicts of interest.
- (3) Assess whether there are effective systems in place to facilitate exchange of information for effective risk oversight of the group.
- (4) Assess whether the corporate governance framework addresses risk management across the group.
- (5) Carry out periodic independent formal review of the group structure and internal controls.
- (6) Articulate the leverage of the Group and monitor the same.

99. Based on the analyses and recommendations of the GRMC, a CIC shall initiate corrective action, where necessary. Chief Risk Officers (CROs) appointed in a CIC as per paragraphs 93 to 95 above, shall initiate such corrective action.

100. A CIC shall submit to the Board, a quarterly statement of deviation certified by the Chief Executive Officer/ Chief Financial Officer, indicating deviations in the use of proceeds of any funding obtained by the CIC from creditors and investors from the objects/ purpose stated in the application, sanction letter or offer document for such funding.

D. Guidance Note on Operational Risk Management and Operational Resilience

101. A CIC may make use of the 'Guidance Note on Operational Risk Management and Operational Resilience' dated April 30, 2024, as amended from time to time.

Chapter-VIII – Applicability of Regulations

A. Regulations applicable for CIC in Upper Layer

102. The following regulatory instructions, where not contradictory to the contents of these Directions, shall be mutatis mutandis applicable to a CIC in Upper Layer:

- (1) Guidelines on 'Differential standard asset provisioning' contained in Reserve Bank of India (Non-Banking Financial Companies – Income Recognition, Asset Classification and Provisioning) Directions, 2025
- (2) Guidelines on 'Disclosures in Financial Statements - Notes to Accounts of NBFCs' contained in Reserve Bank of India (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Directions, 2025

B. Regulations applicable for CIC in Top Layer

103. A CIC falling in the Top Layer of the regulatory structure shall, inter alia, be subject to higher capital charge. Such higher requirements shall be specifically communicated to the CIC at the time of its classification in the Top Layer. There will be enhanced and intensive supervisory engagement with such CIC.

Chapter-IX - Overseas Investment

104. These directions are in addition to those prescribed by Foreign Exchange Department for overseas investment.

A. Investment in financial sector overseas

105. A CIC investing in Joint Venture / Subsidiary / Representative Offices overseas in the financial sector shall require prior approval from the Bank. A CIC desirous of making overseas investment in financial sector shall hold a Certificate of Registration (CoR) from the Bank and shall comply with all the regulations applicable to CIC. A CIC that is presently exempted from the regulatory framework of the Reserve Bank (unregistered CICs), shall be required to be registered with the Reserve Bank and shall be regulated like a registered CIC, where they intend to make overseas investment in financial sector.

Note: Financial sector for this purpose would mean a sector / service regulated by a Financial Sector Regulator

B. Investment in non-financial sector

106. An Unregistered CIC making overseas investment in non-financial sector shall not require registration from the Reserve Bank and hence, these Directions are not applicable to it. Further, a CIC need not obtain prior approval from Department of Supervision (DoS), RBI, for overseas investment in non-financial sector. However, it shall report to the Regional Office of DoS where it is registered within 30 days of such investment in the stipulated format and at the prescribed periodicity.

107. The eligibility criteria for investments abroad and other conditions prescribed for CIC are given in the following paragraphs.

C. Eligibility Criteria

108. The Adjusted Net Worth (ANW) of the CIC shall not be less than 30 percent of its aggregate risk weighted assets on balance sheet and risk adjusted value of off-balance sheet items as on the date of the last audited balance sheet as at the end of the financial year. The CIC shall continue to meet the requirement of minimum ANW, post overseas investment. For this purpose, the risk weights applicable shall be as provided for in these directions.

109. The level of Net Non-Performing Assets of the CIC shall not be more than one per cent of the net advances as on the date of the last audited balance sheet.

110. The CIC shall generally be earning profit continuously for the last three years and its performance shall be satisfactory during the period of its existence.

D. General Conditions

111. Direct investment in activities prohibited under FEMA shall not be permitted.

112. The total overseas investment shall not exceed 400 percent of the owned funds of the CIC.

113. The total overseas investment in financial sector shall not exceed 200 percent of its owned funds.

114. Investment in financial sector shall be only in regulated entities abroad.

115. Entities set up abroad or acquired abroad shall be treated as wholly owned subsidiaries (WOS) / joint ventures (JV) abroad.

116. Overseas investments by a CIC in financial / non-financial sector shall be restricted to its financial commitment. However with regard to issuing guarantees / Letter of Comfort in this regard the following shall be noted:

(1) The CIC can issue guarantees / letter of comfort to the overseas subsidiary engaged in non-financial activity;

(2) CICs must ensure that investments made overseas shall not result in creation of complex structures. In case the structure overseas requires a Non-Operating Holding Company, there shall not be more than two tiers in the structure. CICs having more than one non-operating holding company in existence, in their investment structure, shall report the same to the Bank for a review.

(3) CICs shall comply with the regulations issued under FEMA, 1999 from time to time;

(4) An annual certificate from statutory auditors shall be submitted by the CIC to the Regional Office of DoS where it is registered, certifying that it has fully complied with all the conditions stipulated under these Guidelines for overseas investment. The certificate as on end March every year shall be submitted by April 30 each year;

(5) If any serious adverse features come to the notice of the Bank, the permission granted shall be withdrawn. All approvals for investment abroad shall be subject to this condition.

E. Specific Conditions

117. Opening of Branches

(1) As a CIC is a non-operating entity, it shall not, in the normal course, be allowed to open branches overseas.

118. Opening of WOS/JV Abroad by CIC

(1) In the case of opening of a WOS/JV abroad by a CIC, all the conditions as stipulated above shall be applicable. The NoC to be issued by the Reserve Bank is independent of the overseas regulators' approval process. In addition, the following conditions shall apply to a CIC:

- (i) The WOS/JV being established abroad shall not be a shell company i.e "a company that is incorporated but has no significant assets or operations." However, companies undertaking activities such as financial consultancy and advisory services shall not be considered as shell companies;
- (ii) The WOS/JV being established abroad by the CIC shall not be used as a vehicle for raising resources for creating assets in India for the Indian operations;
- (iii) In order to ensure compliance of the provisions, the parent CIC shall obtain periodical reports/audit reports at least quarterly about the business undertaken by the WOS/JV abroad and shall make them available to the inspecting officials of the Reserve Bank;
- (iv) If the WOS/JV has not undertaken any activity or such reports are not forthcoming, the approvals given for setting up the WOS/JV abroad shall be reviewed;
- (v) The WOS/JV shall make disclosure in its Balance Sheet the amount of liability of the parent entity towards it and also whether it is limited to equity / loan or if guarantees are given, the nature of such guarantees and the amount involved;
- (vi) All the operations of the WOS/JV abroad shall be subject to regulatory prescriptions of the host country.

119. Opening of Representative Offices Abroad by CIC

(1) A CIC shall need prior approval from the DoS, RBI for opening representative offices abroad. The representative offices can be set up abroad for the purpose of liaison work, undertaking market study and research but not for undertaking any activity which involves outlay of funds. The representative offices shall also comply with regulations, if any, in this regard stipulated by a regulator in the host country. As it is not envisaged that such offices would be carrying on any activity other than liaison work, no line of credit shall be extended.

(2) The parent CIC shall obtain periodical reports about the business undertaken by the representative offices abroad. If the representative offices have not undertaken any activity or such reports are not forthcoming, the Reserve Bank may advise the CIC to wind up the establishment.

Chapter-X – Miscellaneous Instructions

A. Participation in Currency Options / Futures

120. A CIC shall participate in the designated currency options / futures exchanges recognized by SEBI as clients, subject to RBI (Foreign Exchange Department) guidelines in the matter, only for the purpose of hedging their underlying forex exposures. Disclosures shall be made in the balance sheet relating to transactions undertaken in the currency futures market, in accordance with the guidelines issued by SEBI.

B. Operative instructions relating to relaxation / modification in Ready Forward Contracts, Settlement of Government Securities Transactions and Sale of securities allotted in Primary Issues

121. A CIC shall follow the guidelines on transactions in Government Securities as given in the circular IDMD.PDRS.05/10.02.01/2003-04 dated March 29, 2004 and IDMD.PDRS.4777, 4779 & 4783/10.02.01/2004-05 all dated May 11, 2005 as amended from time to time. In case of doubt they may refer to IDMD.

C. Introduction of Interest Rate Futures

122. A CIC shall participate in the designated interest rate futures (IRF) exchanges recognized by SEBI, as clients, subject to RBI / SEBI guidelines in the matter, for the purpose of hedging their underlying exposures. A CIC participating in IRF exchanges shall submit the data in this regard half yearly, in the prescribed format, to the Regional Office of the Department of Supervision in whose jurisdiction their company is registered, within a period of one month from the close of the half year.

D. Raising Money through Private Placement of Debentures etc. by CIC

123. A CIC shall follow the guidelines on private placement of Non-Convertible Debentures (NCDs) given below in paragraph 124 for compliance. It may be noted that the provisions of Companies Act, 2013 and Rules issued there under shall be applicable wherever not contradictory.

124. Guidelines on Private Placement of NCDs (maturity more than 1 year) by CIC:

(1) A CIC shall put in place a Board approved policy for resource planning which, inter alia, shall cover the planning horizon and the periodicity of private placement.

- (2) The issues shall be governed by the following instructions:
- (a) The minimum subscription per investor shall be ₹20,000 (Rupees Twenty thousand);
 - (b) The issuance of private placement of NCDs shall be in two separate categories, those with a maximum subscription of less than ₹1 crore and those with a minimum subscription of ₹1 crore and above per investor;
 - (c) There shall be a limit of 200 subscribers for every financial year, for issuance of NCDs with a maximum subscription of less than ₹1 crore, and such subscription shall be fully secured;
 - (d) There shall be no limit on the number of subscribers in respect of issuances with a minimum subscription of ₹1 crore and above; the option to create security in favour of subscribers shall be with the issuers. Such unsecured debentures shall not be treated as public deposits as defined in these Directions.
 - (e) A CIC shall not extend loans against the security of its own debentures (issued either by way of private placement or public issue).
- (3) Tax exempt bonds offered by CIC are exempted from the applicability of the circular.
- (4) For NCDs of maturity upto one year, instructions contained in Master Direction – Reserve Bank of India (Commercial Paper and Non-Convertible Debentures of original or initial maturity upto one year) Directions, 2024 dated January 03, 2024 (as amended from time to time), issued by Financial Markets Regulation Department of the Reserve Bank, shall be applicable.

E. Applicability of Know Your Customer (KYC) Direction, 2016

125. A CIC shall be required to follow the Reserve Bank of India (Non-Banking Financial Companies – Know Your Customer) Directions, 2025, issued and as amended from time to time by the Reserve Bank.

F. Rounding off transactions to the Nearest Rupee by CICs

126. A CIC shall ensure that all transactions, including payment of interest on deposits/ charging of interest on advances, are rounded off to the nearest rupee, i.e. fractions of 50 paise and above shall be rounded off to the next higher rupee and fractions of less than 50 paise should be ignored. Further, it shall also ensure that cheques / drafts issued by clients containing fractions of a rupee are not rejected by them.

G. Ratings for CIC

127. A CIC also issue financial products like Commercial Paper, Debentures etc. to which rating is assigned by rating agencies. The ratings assigned to such products may undergo changes for various reasons ascribed to by the rating agencies. A CIC shall furnish the information about downgrading / upgrading of assigned rating of any financial product issued by them, within fifteen days of such a change in rating, to the Regional Office of the Reserve Bank under whose jurisdiction their registered office is functioning.

H. Guidelines on Investment in Insurance - Entry into insurance business

128. The aspirant CIC shall make an application along with necessary particulars duly certified by their statutory auditors to the Regional Office of Department of Supervision under whose jurisdiction the registered office of the CIC is situated. Any CIC registered with the Reserve Bank which satisfies the eligibility criteria given below may be permitted to set up a joint venture company for undertaking insurance business with risk participation, subject to safeguards. No ceiling is prescribed for CIC in its investment in an insurance joint venture. The maximum equity contribution such a CIC can hold in the joint venture company shall be as per IRDA approval.

129. The eligibility criteria for joint venture participant shall be as under, as per the latest available audited balance sheet.

- (1) The owned funds of the CIC shall not be less than ₹500 crore;
- (2) The level of net non-performing assets shall be not more than 1 per cent of the total advances;
- (3) The CIC shall have registered net profit continuously for three consecutive years;
- (4) The track record of the performance of the subsidiaries, if any, of the concerned CIC shall be satisfactory;
- (5) The CIC shall comply with all applicable regulations including these Directions. Thus, CICs are required to maintain adjusted net worth which shall be not less than 30 per cent of aggregate risk weighted assets on balance sheet and risk adjusted value of off-balance sheet items.

130. A CIC shall not be allowed to conduct such business departmentally. Further, an NBFC (in its group / outside the group) shall normally not be allowed to join an insurance

company on risk participation basis and hence shall not provide direct or indirect financial support to the insurance venture.

131. Within the group, CICs shall be permitted to invest up to 100 percent of the equity of the insurance company either on a solo basis or in joint venture with other non-financial entities in the group. This shall ensure that only the CIC either on a solo basis or in a joint venture with the group company is exposed to insurance risk and the NBFC within the group is ring-fenced from such risk.

132. In case where a foreign partner contributes 26 percent of the equity with the approval of Insurance Regulatory and Development Authority/Foreign Investment Promotion Board, more than one CIC may be allowed to participate in the equity of the insurance joint venture. As such participants shall also assume insurance risk, only that CIC which satisfy the criteria given paragraph 126 above, shall be eligible.

133. A CIC shall not enter into insurance business as agents. A CIC that wishes to participate in insurance business as investors or on risk participation basis shall be required to obtain prior approval of the Reserve Bank. The Reserve Bank will give permission on case to case basis keeping in view all relevant factors. It shall be ensured that risks involved in insurance business do not get transferred to the CIC.

Notes:

(1) Holding of equity by a promoter CIC in an insurance company or investment in insurance business shall be subject to compliance with any rules and regulations laid down by the IRDA / Central Government. This shall include compliance with Section 6AA of the Insurance Act as amended by the IRDA Act, 1999, for divestment of equity in excess of 26 per cent of the paid up capital within a prescribed period of time.

(2) CICs exempted from registration with the Reserve Bank in terms of these Directions, shall not require prior approval provided they fulfill all the necessary conditions of exemption.

I. Managing Risks and Code of Conduct in Outsourcing of Financial Services by CICs

134. A CIC shall conduct a self-assessment of their existing outsourcing arrangements and bring these in line with the directions on 'Managing Risks and Code of Conduct in

Outsourcing of Financial Services' as provided at Reserve Bank of India (Non-Banking Financial Companies – Managing Risks in Outsourcing) Directions, 2025.

J. Technical Specifications for all participants of the Account Aggregator ecosystem

135. The NBFC-Account Aggregator (AA) consolidates financial information, as defined in Reserve Bank of India (Non-Banking Financial Company - Account Aggregator) Directions, 2025, of a customer held with different financial entities, spread across financial sector regulators adopting different IT systems and interfaces. In order to ensure that such movement of data is secured, duly authorised, smooth and seamless, it has been decided to put in place a set of core technical specifications for the participants of the AA ecosystem. Reserve Bank Information Technology Private Limited (ReBIT), has framed these specifications and published the same on its website (www.rebit.org.in).

136. CIC acting either as Financial Information Providers or Financial Information Users is expected to adopt the technical specifications published by ReBIT, as updated from time to time.

Note: The definitions of Financial Information Provider and Financial Information User are as per the Reserve Bank of India (Non-Banking Financial Companies - Account Aggregator) Directions, 2025 , as amended from time to time.

K. Submission of data to Credit Information Companies - Format of data to be submitted by Credit Institutions

137. CICs shall comply with the instructions contained in Reserve Bank of India (Non-Banking Financial Companies – Credit Information Reporting) Directions, 2025 , as amended from time to time.

L. Data Format for Furnishing of Credit Information to Credit Information Companies and other Regulatory Measures

138. CICs shall comply with the instructions contained in Reserve Bank of India (Non-Banking Financial Companies – Credit Information Reporting) Directions, 2025 , as amended from time to time.

M. Treatment of Wilful Defaulters and Large Defaulters

139. CICs shall adhere to the provisions contained in the Reserve Bank of India (Non-Banking Financial Companies – Treatment of Wilful Defaulters and Large Defaulters) Directions, 2025 on procedures for classification of borrowers as wilful defaulters, large defaulters and related aspects.

Chapter-XI – Reporting Requirements

140. The reporting requirements in respect of CICs as prescribed by Department of Supervision shall be adhered to.

141. Consolidation of Financial Statement (CFS) : CICs shall prepare CFS as per provisions of Companies Act, 2013, so as to provide a clear view of the financials of the group as a whole. However, it is possible that entities that meet the definition of group as per extant regulations are not covered under consolidation due to exemptions granted as per statutory provisions/ applicable accounting standards. For such entities which are not included in the consolidation, disclosures shall be made in the indicative format mentioned at paragraph 2 of the [Annex V](#). In the process of consolidation, the auditor of a CIC, as the ‘principal auditor’, shall use the work of other auditors with respect to the financial information of other respective entities, subject to auditing standards as also guidance notes issued by the Institute of Chartered Accountants of India from time to time.

Note: Standard on Auditing (SA) 600 - "Using the Work of Another Auditor" and Guidance Note on Audit of Consolidated Financial Statements.

Chapter-XII – Repeal and Other Provisions

A. Repeal and saving

142. With the issue of these Directions, the existing Directions, instructions, and guidelines relating to Core Investment Companies stand repealed, as communicated vide notification dated XX, 2025. The Directions, instructions, and guidelines repealed prior to the issuance of these Directions shall continue to remain repealed.

143. Notwithstanding such repeal, any action taken or purported to have been taken, or initiated under the repealed Directions, instructions, or guidelines shall continue to be governed by the provisions thereof. All approvals or acknowledgments granted under these repealed lists shall be deemed as governed by these Directions.

B. Application of other laws not barred

144. The provisions of these Directions shall be in addition to, and not in derogation of the provisions of any other laws, rules, regulations, or directions, for the time being in force.

C. Interpretations

145. For the purpose of giving effect to the provisions of these Directions or in order to remove any difficulties in the application or interpretation of the provisions of these Directions, the RBI may, if it considers necessary, issue necessary clarifications in respect of any matter covered herein and the interpretation of any provision of these Directions given by the RBI shall be final and binding.

Annex I - Schedule to the Balance Sheet of CIC

(Para 56)

(₹ in lakhs)

Particulars			
<u>Liabilities side :</u>			
(1)	Loans and advances availed by the CIC inclusive of interest accrued thereon but not paid: (a) Debentures : Secured : Unsecured (other than falling within the meaning of public deposits*)	Amount outstanding	Amount overdue
	(b) Deferred Credits (c) Term Loans (d) Inter-corporate loans and borrowing (e) Commercial Paper (f) Other Loans (specify nature)		

* Please see Note 1 below

<u>Assets side :</u>		
		Amount outstanding
(2)	Break-up of Loans and Advances including bills receivables [other than those included in (4) below]: (a) Secured (b) Unsecured	
(3)	Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities	
	(i) Lease assets including lease rentals under sundry debtors: (a) Financial lease	

	<p>(b) Operating lease</p> <p>(ii) Stock on hire including hire charges under sundry debtors:</p> <ul style="list-style-type: none"> (a) Assets on hire (b) Repossessed Assets <p>(iii) Other loans counting towards asset financing activities</p> <ul style="list-style-type: none"> (a) Loans where assets have been repossessed (b) Loans other than (a) above 	
(4)	<p><u>Break-up of Investments :</u></p> <p><u>Current Investments :</u></p> <p>1. <u>Quoted :</u></p> <ul style="list-style-type: none"> (i) Shares : (a) Equity <li style="margin-left: 20px;">(b) Preference <li style="margin-left: 20px;">(ii) Debentures and Bonds <li style="margin-left: 20px;">(iii) Units of mutual funds <li style="margin-left: 20px;">(iv) Government Securities <li style="margin-left: 20px;">(v) Others (please specify) <p>2. <u>Unquoted :</u></p> <ul style="list-style-type: none"> (i) Shares : (a) Equity <li style="margin-left: 20px;">(b) Preference 	
	<p>(ii) Debentures and Bonds</p>	

	<p>(iii) Units of mutual funds (iv) Government Securities (v) Others (please specify)</p> <p><u>Long Term investments :</u></p> <ol style="list-style-type: none"> 1. <u>Quoted</u> : <ol style="list-style-type: none"> (i) Shares : (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (please specify) 2. <u>Unquoted</u> : <ol style="list-style-type: none"> (i) Shares : (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (please specify) 																					
(5)	<p>Borrower group-wise classification of assets financed as in (2) and (3) above :</p> <p>Please see Note 2 below</p>																					
	<table border="1"> <thead> <tr> <th style="text-align: left;"><u>Category</u></th> <th colspan="3">Amount net of provisions</th> </tr> <tr> <th></th> <th>Secured</th> <th>Unsecured</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td><u>1. Related Parties **</u></td> <td></td> <td></td> <td></td> </tr> <tr> <td>(a) Subsidiaries</td> <td></td> <td></td> <td></td> </tr> <tr> <td>(b) Companies in the same Group</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	<u>Category</u>	Amount net of provisions				Secured	Unsecured	Total	<u>1. Related Parties **</u>				(a) Subsidiaries				(b) Companies in the same Group				
<u>Category</u>	Amount net of provisions																					
	Secured	Unsecured	Total																			
<u>1. Related Parties **</u>																						
(a) Subsidiaries																						
(b) Companies in the same Group																						

	(c) Other related parties			
	other than related parties			
	Total			
(6)	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):			
	Please see note 3 below			
	<u>Category</u>	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)	
	<u>1. Related Parties **</u>			
	(a) Subsidiaries			
	(b) Companies in the same Group			
	(c) Other related parties			
	Other than related parties			
	Total			

** As per applicable Accounting Standard (Please see Note 3)

(7) *Other information*

Particulars		Amount
(i)	Gross Non-Performing Assets	

	(a) Related parties	
	(b) Other than related parties	
(ii)	Net Non-Performing Assets	
	(a) Related parties	
	(b) Other than related parties	
(iii)	Assets acquired in satisfaction of debt	

Notes:

1. As defined in Core Investment Companies (Reserve Bank) Directions, 2016.
2. Provisioning norms shall be applicable as prescribed in these Directions.
3. As per applicable Accounting Standards including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments shall be disclosed irrespective of whether they are classified as long term or current in (4) above.

Annex II- Reporting format for CIC declaring dividend

(Refer paragraph 57(6) of the Master Direction, to be furnished within a fortnight after declaration of dividend to the Regional Office of the Department of Supervision of the Reserve Bank, under whose jurisdiction the CIC is registered.)

Details of dividend declared during the financial year

Name of the CIC – _____

Accounting period *	Net profit for the accounting period (` crore)	Rate of dividend (per cent)	Amount of dividend (` crore)	Dividend Pay out ratio (per cent)

* quarter or half year or year ended ---- as the case may be

Annex III - Data on Pledged Securities**(Para 64(3))**

Name of the NBFC Lender						
PAN						
Date of Reporting						
Share holding Information						
Name of the Company	ISIN	No of Shares held against loans	Type of the Borrower (Promoter / Non Promoter)	Name of the Borrower	PAN of the Borrower	

Annex IV- Information about Promoters/Directors/Shareholders
(Para 68(1))

Annex IV – Part (i)

Information about the Proposed Promoters / Directors / Shareholders of the Company

Sr. No.	Particulars Required	Response
1.	Name	
2.	Designation	Chairman / Managing Director / Director / Chief Executive Officer
3.	Nationality	
4.	Age (to be substantiated with date of birth)	
5.	Business Address	
6.	Residential Address	
7.	E-mail address / Telephone number	
8.	PAN Number under Income Tax Act	
9.	Director Identification Number (DIN)	
10.	Social security number / Passport No.*	
11.	Educational / professional qualifications	
12.	Professional Achievement relevant to the job	
13.	Line of business or vocation	
14.	Any other information relevant to the Company	
15.	Name/s of other companies in which the person has held the post of Chairman / Managing Director / Director / Chief Executive Officer	
16.	Name/s of the regulators (RBI, SEBI, IRDA, PFRDA, NHB or any other foreign regulator) of the entities mentioned in which the persons hold directorships	
17.	Name/s of the NBFCs, if any, with which the person is associated as Promoter, Managing Director, Chairman or Director including a Residuary Non-Banking Financial Company, which has been prohibited from accepting deposits / prosecuted by RBI ?	

18.	Detail of prosecution, if any, pending or commenced or resulting in conviction in the past against the person and / or against any of the entities he is associated with for violation of economic laws and regulations	
19.	Cases, if any, where the person or relatives of the person or the companies in which the person is associated with, are in default or have been in default in the last 5 years in respect of credit facilities obtained from any entity or bank	
20.	If the person is a member of a professional association / body, details of disciplinary action, if any, pending or commenced or resulting in conviction in the past against him / her or whether he / she has been banned from entry of any professional occupation at any time	
21.	Whether the person attracts any of the disqualification envisaged under Section 164 of the Companies Act, 2013	
22.	Has the person or any of the companies, he / she is associated with, been subject to any investigation at the instance of the Government Department or Agency	
23.	Has the person at any time been found guilty of violations of rules / regulations / legislative requirements by Customs / Excise / Income Tax / Foreign Exchange / Other Revenue Authorities, if so, give particulars	
24.	Experience in the business of NBFC (number of years)	
25.	Equity shareholding in the company	
(i)	No. of shares	
(ii)	No. of shares	
(iii)	Percentage to total paid up equity share capital of the company	
26.	Name/s of the companies, firms and proprietary concerns in which the person holds substantial interest	
27.	Names of the principal bankers to the concerns at 26 above	
28.	Names of the overseas bankers *	

29.	Whether number of directorships held by the person exceeds the limits prescribed under Section 165 of the Companies Act, 2013	
Signature :		
Name :		
Designation :		
Company Seal :		
Date :		
Place :		
* For foreign promoters / directors / shareholders		
Note : (i) Separate form should be submitted in respect of each of the proposed promoters / directors / shareholders		

Annex IV – Part (ii)

Information about Corporate Promoter

Sr. No.	Particulars Required	Response
1.	Name	
2.	Business Address	
3.	E-mail address / Telephone number	
4.	PAN Number under Income Tax Act	
5.	Name and contact details of compliance officer	
6.	Line of business	
7.	The details of their major shareholders (more than 10 per cent) and line of activity, if corporates	
8.	Names of the principal bankers / overseas bankers *	
9.	Name/s of the regulators (RBI,SEBI,IRDA,PFRDA,NHB or any other foreign regulator)	
10.	Name/s of Company/ies in the Group as defined in the Prudential Norms Directions	
11.	Name/s of the company/ies in the Group that are NBFCs	
12.	Specify the names of companies in the group which have been prohibited from accepting deposits / prosecuted by RBI?	
13.	Detail of prosecution, if any, pending or commenced or resulting in conviction in the past	

	against the corporate for violation of economic laws and regulations	
14.	Cases, if any, where the corporate, is in default or have been in default in the last 5 years in respect of credit facilities obtained from any entity or bank	
15.	Whether the corporate has been subject to any investigation at the instance of the Government Department or Agency	
16.	Has the Corporate at any time been found guilty of violations of rules / regulations / legislative requirements by Customs / Excise / Income Tax	
	/ Foreign Exchange / Other Revenue Authorities, if so, give particulars	
17.	Has the promoter corporate / majority shareholder of the promoter corporate, if a corporate, ever applied to RBI for CoR which has been rejected	
Signature :		
Name :		
Designation :		
Company Seal :		
Date :		
Place :		
* For foreign corporate		

Annex V - Disclosure Requirements

(Para 74)

1. A CIC shall maintain a functional website containing basic information about itself and about its group. It should further contain:
 - (i) The Annual Report of the CIC
 - (ii) Corporate Governance Report
 - (iii) Management Discussion & Analysis covering, inter alia, industry structure and developments, risks and concerns for the group and adequacy of internal controls.
 - (iv) Other significant information, if any
2. The following shall be disclosed by the CIC with regard to group entities that are not consolidated in the CFS:
 - (i) Name of the entity, type of business, size of its assets, debt-equity ratio, and profitability for the last two years
 - (ii) Nature and type of exposure on each entity: i) Investments in equity ii) investments in convertible instruments, iii) investments in bonds/ debentures/ other instruments, iv) loans and advances, v) any other
 - (iii) Total exposure of the CIC towards non-financial business (entity-wise)
 - (iv) Loans and advances to firms/companies in which directors are interested
 - (v) Investments by the loanee of the CIC in the shares of parent company and group companies

3. Disclosures to be made in the Annual Financial Statements:

3.1 Components of ANW and other related information

(Amount in ₹ crore)			
Particulars		Current Year	Previous Year
i)	ANW as a % of Risk Weighted Assets		
ii)	unrealized appreciation in the book value of quoted investments		
iii)	diminution in the aggregate book value of quoted investments		
vi)	Leverage Ratio		

3.2 Investment in other CICs

- a) Total amount representing any direct or indirect capital contribution made by one CIC in another CIC (including name of CICs)
- b) Number of CICs with their names wherein the direct or indirect capital contribution exceeds 10 per cent of Owned Funds
- c) Number of CICs with their names wherein the direct or indirect capital contribution is less than 10 per cent of Owned Funds

3.3 Off Balance Sheet Exposure

	Particulars	Current Year	Previous Year
i)	Off balance sheet exposure		
ii)	Financial Guarantee as a % of total off-balance sheet exposure		
iii)	Non-Financial Guarantee as a% of total off-balance sheet exposure		
iv)	Off balance sheet exposure to overseas subsidiaries		
v)	Letter of Comfort issued to any subsidiary		

3.4 Investments

(Amount in ₹ crore)			
Particulars		Current Year	Previous Year
(1)	Value of Investments		
(i)	Gross Value of Investments		
(a)	In India		
(b)	Outside India,		
(ii)	Provisions for Depreciation		
(a)	In India		
(b)	Outside India,		
(iii)	Net Value of Investments		
(a)	In India		
(b)	Outside India.		

(2)	Movement of provisions held towards depreciation on investments.		
(i)	Opening balance		
(ii)	Add : Provisions made during the year		
(iii)	Less : Write-off / write-back of excess provisions during the year		
(iv)	Closing balance		

3.5 ALM - Maturity pattern of Assets and Liabilities

	1 to 7 days	8 to 14 days	15 days to 30 /31 days	Over 1 month up to 2 Month	Over 2 months up to 3 months	Over 3 month & up to 6 month	Over 6 Month & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Advances											
Investments											
Borrowings											
Foreign Currency assets											
Foreign Currency liabilities											

3.6 Business Ratios

Particular	Current Year	Previous Year
Return on Equity (RoE)		
Return on Assets (RoA) Net profit per employee		

3.7 Provisions and Contingencies

Provisions and Contingencies shall be presented as under:

(Amount in ₹ Crore)		
Break up of 'Provisions and Contingencies' shown under the Profit and Loss Account	Current Year	Previous Year
Provisions for depreciation on Investment		
Provision towards NPA		
Provision made towards Income tax		
Other Provision and Contingencies (with details)		
Provision for Standard Assets		

3.8 Concentration of NPAs

	(Amount in ₹ crore)	Exposure as a % of total assets
Total Exposure to top five NPA accounts		

3.9 Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

Name of the Joint Venture/ Subsidiary	Other Partner in the JV	Country	Total Assets

4. Disclosure on provisioning in the Balance Sheet

- (i) A CIC shall separately disclose in its balance sheet the provisions made as per paragraphs 49 and 50 of the directions without netting them from the income or against the value of assets.
- (ii) The provisions shall be distinctly indicated under separate heads of account as under:-
 - (a) provisions for bad and doubtful debts; and
 - (b) provisions for depreciation in investments.
- (iii) Such provisions shall not be appropriated from the general provisions and loss reserves held, if any, by a CIC.
- (iv) Such provisions for each year shall be debited to the profit and loss account. The excess of provisions, if any, held under the heads general provisions and loss reserves shall be written back without making adjustment against them.
- (v) A CIC with total assets ₹500 crore and above shall disclose the following particulars in the Balance Sheet:
 - (a) Exposure to real estate sector, both direct and indirect; and

(b) Maturity pattern of assets and liabilities.

5. Miscellaneous disclosures

- (i) Registration/ licence/ authorisation, by whatever name called, obtained from other financial sector regulators
- (ii) Penalties imposed by RBI and other regulators including strictures or directions on the basis of inspection reports or other adverse findings.
- (iii) If the auditor has expressed any modified opinion(s) or other reservation(s) in his audit report or limited review report in respect of the financial results of any previous financial year or quarter which has an impact on the profit or loss of the reportable period, with notes on -
 - (a) How the modified opinion(s) or other reservation(s) has been resolved; or
 - (b) If the same has not been resolved, the reason thereof and the steps which the CIC intends to take in the matter.

6. Exposure

6.1. Exposure to real estate sector

(Amount in ₹ crore)

Category	Current year	Previous Year
i) Direct exposure <ul style="list-style-type: none"> a) Residential Mortgages – Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. Exposure would also include non-fund based (NFB) limits. b) Commercial Real Estate – Lending secured by mortgages on commercial real estate (office buildings, retail space, multipurpose commercial premises, multifamily residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits. c) Investments in Mortgage-Backed Securities (MBS) and other securitized exposures – <ul style="list-style-type: none"> i. Residential 		

ii. Commercial Real Estate ii) Indirect Exposure Fund based and non-fund-based exposures on National Housing Bank and Housing Finance Companies.		
Total Exposure to Real Estate Sector		

6.2. Exposure to capital market

(Amount in ₹ crore)

Particulars *	Current Year	Previous Year
i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt		
ii) Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds		
iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security		

iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances		
v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers		

Particulars *	Current Year	Previous Year
vi) Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources		
vii) Bridge loans to companies against expected equity flows / issues		
viii) Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds		
ix) Financing to stockbrokers for margin trading		
x) All exposures to Alternative Investment Funds: (i) Category I (ii) Category II (iii) Category III		

Total exposure to capital market		
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* CICs may omit those line items which are not applicable/not permitted or have nil exposure both in current and previous year. Further, exposures against pledge of shares by promoters of a company shall be shown separately under the respective line items

6.3. Sectoral exposure

Sectors	Current Year			Previous Year		
	Total Exposure (includes on balance sheet and off- balance sheet exposure) (₹ crore)	Gross NPAs (₹ crore)	Percenta ge of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off- balance sheet exposure) (₹ crore)	Gross NPAs (₹ crore)	Percentag e of Gross NPAs to total exposure in that sector
1. Agriculture and Allied Activities						
2. Industry						
i....						
ii....						
Others						
Total of Industry (i+ii+...+Others)						
3. Services						
i...						
ii...						
Others						
Total of Services (i+ii+...+Others)						
4. Personal Loans						
i...						
ii...						
Others						

Total of Personal Loans (i+ii+...+Others)						
5. Others, if any (please specify)						

Note:

The disclosures as above shall be based on the sector-wise and industry-wise bank credit (SIBC) return submitted by scheduled commercial banks to the Reserve Bank and published by the Reserve Bank as 'Sectoral Deployment of Bank Credit'.

6.4. Unhedged foreign currency exposure

CICs shall disclose details of its unhedged foreign currency exposures. Further, they shall also disclose their policies to manage currency induced risk.

7. Related Party Disclosure

Related Party Items	Parent (as per ownership or control)	Subsidiaries		Associates/ Joint ventures		Key Management @		Relatives of Key Management Personnel @		Others*		Total	
		Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous Year	Current year	Previous year
Borrowings#													
Deposits#													
Placement of deposits#													
Advances#													
Investments #													
Purchase of fixed/other assets													
Sale of fixed/other assets													
Interest paid													

Interest received											
Others*											

@Disclosures for directors and relatives of directors should be made separately in separate columns from other KMPs and relatives of other KMPs.

The outstanding at the year end and the maximum during the year are to be disclosed

* Specify item if total for the item is more than 5 percent of total related party transactions. Related parties would include trusts and other bodies in which the CIC can directly or indirectly (through its related parties) exert control or significant influence.

1. Related party, in the context of the aforementioned disclosure, shall include all related parties as per the applicable accounting standards. Further, related party shall also include following related parties defined under Section 2(76) of the Companies Act, 2013.

- (i) a director or his relative;
 - (ii) a key managerial personnel or his relative;
 - (iii) a firm, in which a director, manager or his relative is a partner;
 - (iv) a private company in which a director or manager or his relative is a member or director; (v) a public company in which a director or manager is a director or holds along with his relatives, more than two percent. of its paid-up share capital;
 - (vi) any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager; vii. any person on whose advice, directions or instructions a director or manager is accustomed to act:
- Provided that nothing in clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

2. At a minimum, Key Management Personal (KMPs) shall include following key managerial personnel as per section 2(51) of the Companies Act, 2013.

- (i) the Chief Executive Officer or the managing director or the manager
- (ii) the company secretary
- (iii) the whole-time director
- (iv) the Chief Financial Officer
- (v) such other officer, not more than one level below the Directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- (vi) such other officer as may be prescribed

3. Relatives of KMPs at the minimum, shall include following relatives as defined under section 2(77) of the Companies Act, 2013 and Rule 4 of the Companies (Specification of definitions details) Rules, 2014.

- (i) they are members of a Hindu Undivided Family;
- (ii) they are husband and wife; or
- (iii) one person is related to the other in such manner as may be prescribed;

A person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely:-

- (i) Father; Provided that the term "Father" includes step-father.
- (ii) Mother: Provided that the term "Mother" includes the step-mother.
- (iii) Son: Provided that the term "Son" includes the step-son.
- (iv) Son's wife.
- (v) Daughter.
- (vi) Daughter's husband.
- (vii) Brother: Provided that the term "Brother" includes the step-brother;
- (viii) Sister: Provided that the term "Sister" includes the step-sister.

8. Corporate governance

SEBI [Listing Obligations and Disclosure Requirements(LODR)] Regulations, 2015 (paragraph C of Schedule V - Annual Report) as amended from time to time, specifies disclosures to be made in the section on the corporate governance of the Annual Report. With respect to the corporate governance report, non-listed CICs should also endeavor to make full disclosure in accordance with the requirement of SEBI (LODR) Regulations, 2015. Non-listed CICs at the minimum should disclose following under the corporate governance section of the annual report.

8.1 Composition of the Board

Sl. No.	Name of Director	Director since	Capacity (i.e. Executive / Non- Executive / Chairman / Promoter nominee/ Independent)	DIN	Number of Board Meetings		No. of other Director ships	Remuneration			No. of shares held in and convertible instruments held in the CIC
					Held	Attended		Salary and other compen- sation	Sitting Fee	Comm ission	

Details of change in composition of the Board during the current and previous financial year.

Sl. No.	Name of Director	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Nature of change (resignation, appointment)	Effective date

Where an independent director resigns before expiry of her/his term, the reasons for resignation as given by her/him shall be disclosed.

Details of any relationship amongst the directors inter-se shall be disclosed

8.2 Committees of the Board and their composition

- (i) Mention the names of the committees of the Board.
- (ii) For each committee, mention the summarized terms of reference and provide the following details.

Sl. No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ NonExecutive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the CIC
				Held	Attended	
1.			Chairperson			
2.						

8.3 General Body Meetings

Give details of the date, place and special resolutions passed at the General Body Meetings.

Sl. No.	Type of Meeting (Annual/ Extra- Ordinary)	Date and Place	Special resolutions passed

8.4 Details of non-compliance with requirements of Companies Act, 2013

Give details and reasons of any default in compliance with the requirements of Companies Act, 2013, including with respect to compliance with accounting and secretarial standards.

9. Breach of covenant

A CIC shall disclose all instances of breach of covenant of loan availed or debt securities issued.

10. Divergence in Asset Classification and Provisioning

A CIC shall disclose details of divergence as per the table given below, if either or both of the following conditions are satisfied:

- (i) The additional provisioning requirements assessed by the Reserve Bank exceeds 5 per cent of the reported profits before tax and impairment loss on financial instruments for the reference period,
- (ii) The additional Gross NPAs identified by the Reserve Bank exceeds 5 percent of the reported Gross NPAs for the reference period.

Sr.	Particulars	Amount
1.	Gross NPAs as on March 31, 20XX* as reported by the CIC	
2.	Gross NPAs as on March 31, 20XX as assessed by the Reserve Bank	
3.	Divergence in Gross NPAs (2-1)	
4.	Net NPAs as on March 31, 20XX as reported by the CIC	
5.	Net NPAs as on March 31, 20XX as assessed by the Reserve Bank	
6.	Divergence in Net NPAs (5-4)	
7.	Provisions for NPAs as on March 31, 20XX as reported by the CIC	
8.	Provisions for NPAs as on March 31, 20XX as assessed by the Reserve Bank	
9.	Divergence in provisioning (8-7)	
10.	Reported Profit before tax and impairment loss on financial instruments for the year ended March 31, 20XX	
11.	Reported Net Profit after Tax (PAT) for the year ended March 31, 20XX	
12.	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 20XX after considering the divergence in provisioning	

* March 31, 20XX is the close of the reference period in respect of which divergences were assessed.

Annex VI – Declaration and Undertaking by Director

(Para 82(2), 84(6))

Name of CIC: _____

Declaration and Undertaking by Director (<u>with enclosures as appropriate as on _____</u>)		
I.	Personal details of director	
	a. Full name	
	b. Date of Birth	
	c. Educational Qualifications	
	d. Relevant Background and Experience	
	e. Permanent Address	
	f. Present Address	
	g. E-mail Address / Telephone Number	
	h. Permanent Account Number under the Income Tax Act and name and address of Income Tax Circle	
	i. Relevant knowledge and experience	
	j. Any other information relevant to Directorship of the CIC	
II	Relevant Relationships of director	
	a. List of Relatives if any who are connected with the CIC (Refer section 6 and Schedule 1A of the Companies Act, 1956 and corresponding provisions of New Companies Act, 2013)	
	b. List of entities if any in which he/she is considered as being interested (Refer section 299(3)(a) and section 300 of the Companies Act, 1956 and corresponding provisions of New Companies Act, 2013)	
	c. List of entities in which he/she is considered as holding substantial interest within the meaning of prudential norms as prescribed in these Directions.	
	d. Name of NBFC in which he/she is or has been a member of the board (giving details of period during which such office was held)	

	e. Fund and non-fund facilities, if any, presently availed of by him/her and/or by entities listed in II (b) and (c) above	
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	from the CIC	
	f. Cases, if any, where the director or entities listed in II (b) and (c) above are in default or have been in default in the past in respect of credit facilities obtained from the CIC or any other NBFC / bank.	
III	Records of professional achievements	
	a. Relevant professional achievements	
IV.	Proceedings, if any, against the director	
	a. If the director is a member of a professional association/body, details of disciplinary action, if any, pending or commenced or resulting in conviction in the past against him/her or whether he/she has been banned from entry into any profession/ occupation at any time.	
	b. Details of prosecution, if any, pending or commenced or resulting in conviction in the past against the director and/or against any of the entities listed in II (b) and (c) above for violation of economic laws and regulations	
	c. Details of criminal prosecution, if any, pending or commenced or resulting in conviction in the last five years against the director	
	d. Whether the director attracts any of the disqualifications envisaged under section 274 of the Companies Act 1956 and corresponding provisions of New Companies Act, 2013?	
	e. Has the director or any of the entities at II (b) and (c) above been subject to any investigation at the instance of Government department or agency?	

	f. Has the director at any time been found guilty of violation of rules/regulations/ legislative requirements by customs/ excise /income tax/foreign exchange /other revenue authorities, if so give particulars	
	g. Whether the director has at any time come to the adverse notice of a regulator such as SEBI, IRDA, MCA.	
	(Though it shall not be necessary for a candidate to mention in the column about orders and findings	
	made by the regulators which have been later on reversed/set aside in to, it would be necessary to make a mention of the same, in case the reversal/setting aside is on technical reasons like limitation or lack of jurisdiction, etc and not on merit, If the order of the regulator is temporarily stayed and the appellate/ court proceedings are pending, the same also should be mentioned.)	
V.	Any other explanation / information in regard to items I to III and other information considered relevant for judging fit and proper	
	Undertaking	
	I confirm that the above information is to the best of my knowledge and belief true and complete. I undertake to keep the CIC fully informed, as soon as possible, of all events which take place subsequent to my appointment which are relevant to the information provided above.	
	I also undertake to execute the deed of covenant required to be executed by all directors of the NBFC.	
	Place :	Signature
	Date :	
VI.	Remarks of Chairman of Nomination and Remuneration Committee*/Board of Directors of CIC	
	Place :	Signature
	Date:	

* Nomination Committee for Government owned CICs

Annex VII – Form of Deed of Covenants with a Director of a CIC

(Para 82(3), 84(6))

Form of Deed of Covenants with a Director of a CIC

THIS DEED OF COVENANTS is made this _____ day of _____ Two thousand _____ **BETWEEN** _____, having its registered office at _____ (hereinafter for the purpose of this Annex, CIC is being called the "NBFC") of the one part and Mr / Ms _____ of _____ (hereinafter called the "Director") of the other part.

WHEREAS

- A. The director has been appointed as a director on the Board of Directors of the NBFC (hereinafter called "the Board") and is required as a term of his / her appointment to enter into a Deed of Covenants with the NBFC.
- B. The director has agreed to enter into this Deed of Covenants, which has been approved by the Board, pursuant to his said terms of appointment.

NOW IT IS HEREBY AGREED AND THIS DEED OF COVENANTS WITNESSETH AS FOLLOWS :

1. The director acknowledges that his / her appointment as director on the Board of the NBFC is subject to applicable laws and regulations including the Memorandum and Articles of Association of the NBFC and the provisions of this Deed of Covenants.
2. The director covenants with the NBFC that :
 - (i) The director shall disclose to the Board the nature of his / her interest, direct or indirect, if he / she has any interest in or is concerned with a contract or arrangement or any proposed contract or arrangement entered into or to be entered into between the NBFC and any other person, immediately upon becoming aware of the same or at meeting of the Board at which the question of entering into such contract or arrangement is taken into consideration or if the director was not at the date of that meeting concerned or interested in such proposed contract or arrangement, then at the first meeting of the Board held after he / she becomes so concerned or interested and in case of any other contract or arrangement, the required disclosure shall be made at the first meeting of the Board held after the director becomes concerned or interested in the contract or arrangement.
 - (ii) The director shall disclose by general notice to the Board his / her other directorships, his / her memberships of bodies corporate, his / her interest in other entities and his / her interest as a partner or proprietor of firms and shall keep the Board apprised of all changes therein.

- (iii) The director shall provide to the NBFC a list of his / her relatives as defined in the Companies Act, 1956 or 2013 and to the extent the director is aware of directorships and interests of such relatives in other bodies corporate, firms and other entities.
- (iv) The director shall in carrying on his / her duties as director of the NBFC:
- a. use such degree of skill as may be reasonable to expect from a person with his / her knowledge or experience;
 - b. in the performance of his / her duties take such care as he / she might be reasonably expected to take on his / her own behalf and exercise any power vested in him / her in good faith and in the interests of the NBFC;
 - c. shall keep himself / herself informed about the business, activities and financial status of the NBFC to the extent disclosed to him / her;
 - d. attend meetings of the Board and Committees thereof (collectively for the sake of brevity hereinafter referred to as "Board") with fair regularity and conscientiously fulfil his / her obligations as director of the NBFC;
 - e. shall not seek to influence any decision of the Board for any consideration other than in the interests of the NBFC;
 - f. shall bring independent judgment to bear on all matters affecting the NBFC brought before the Board including but not limited to statutory compliances, performance reviews, compliances with internal control systems and procedures, key executive appointments and standards of conduct;
 - g. shall in exercise of his / her judgement in matters brought before the Board or entrusted to him / her by the Board be free from any business or other relationship which could materially interfere with the exercise of his / her independent judgement; and
 - h. shall express his / her views and opinions at Board meetings without any fear or favour and without any influence on exercise of his / her independent judgement;
- (v) The director shall have:
- a. fiduciary duty to act in good faith and in the interests of the NBFC and not for any collateral purpose;
 - b. duty to act only within the powers as laid down by the NBFC's Memorandum and Articles of Association and by applicable laws and regulations; and
 - c. duty to acquire proper understanding of the business of the NBFC.
- (vi) The director shall:
- a. not evade responsibility in regard to matters entrusted to him / her by the Board;

- b. not interfere in the performance of their duties by the whole-time directors and other officers of the NBFC and wherever the director has reasons to believe otherwise, he / she shall forthwith disclose his / her concerns to the Board; and
- c. not make improper use of information disclosed to him / her as a member of the Board for his / her or someone else's advantage or benefit and shall use the information disclosed to him / her by the NBFC in his / her capacity as director of the NBFC only for the purposes of performance of his / her duties as a director and not for any other purpose.

3. The NBFC covenants with the director that:

(i) the NBFC shall apprise the director about:

- a. Board procedures including identification of legal and other duties of Director and required compliances with statutory obligations;
- b. control systems and procedures;
- c. voting rights at Board meetings including matters in which Director should not participate because of his / her interest, direct or indirect therein;
- d. qualification requirements and provide copies of Memorandum and Articles of Association;
- e. corporate policies and procedures;
- f. insider dealing restrictions;
- g. constitution of, delegation of authority to and terms of reference of various committees constituted by the Board;
- h. appointments of Senior Executives and their authority;
- i. remuneration policy,
- j. deliberations of committees of the Board, and
- k. communicate any changes in policies, procedures, control systems, applicable regulations including Memorandum and Articles of Association of the NBFC, delegation of authority, Senior Executives, etc. and appoint the compliance officer who shall be responsible for all statutory and legal compliance.

(ii) the NBFC shall disclose and provide to the Board including the director all information which is reasonably required for them to carry out their functions and duties as a director of the NBFC and to take informed decisions in respect of matters brought before the Board for its consideration or entrusted to the director by the Board or any committee thereof;

(iii) the disclosures to be made by the NBFC to the directors shall include but not be limited to the following:

- a. all relevant information for taking informed decisions in respect of matters brought before the Board;
 - b. NBFC's strategic and business plans and forecasts;
 - c. organisational structure of the NBFC and delegation of authority;
 - d. corporate and management controls and systems including procedures;
 - e. economic features and marketing environment;
 - f. information and updates as appropriate on NBFC's products;
 - g. information and updates on major expenditure;
 - h. periodic reviews of performance of the NBFC; and
 - i. report periodically about implementation of strategic initiatives and plans;
- (iv) the NBFC shall communicate outcome of Board deliberations to directors and concerned personnel and prepare and circulate minutes of the meeting of Board to directors in a timely manner and to the extent possible within two business days of the date of conclusion of the Board meeting; and
- (v) advise the director about the levels of authority delegated in matters placed before the Board.
4. The NBFC shall provide to the director periodic reports on the functioning of internal control system including effectiveness thereof.
5. The NBFC shall appoint a compliance officer who shall be a Senior executive reporting to the Board and be responsible for setting forth policies and procedures and shall monitor adherence to the applicable laws and regulations and policies and procedures including but not limited to directions of Reserve Bank of India and other concerned statutory and governmental authorities.
6. The director shall not assign, transfer, sublet or encumber his / her office and his / her rights and obligations as director of the NBFC to any third party provided that nothing herein contained shall be construed to prohibit delegation of any authority, power, function or delegation by the Board or any committee thereof subject to applicable laws and regulations including Memorandum and Articles of Association of the NBFC.
7. The failure on the part of either party hereto to perform, discharge, observe or comply with any obligation or duty shall not be deemed to be a waiver thereof nor shall it operate as a bar to the performance, observance, discharge or compliance thereof at any time or times thereafter.
8. Any and all amendments and / or supplements and / or alterations to this Deed of Covenants shall be valid and effectual only if in writing and signed by the director and the duly authorised representative of the NBFC.

9. This Deed of Covenants has been executed in duplicate and both the copies shall be deemed to be originals.

**IN WITNESS WHEREOF THE PARTIES HAVE DULY EXECUTED THIS AGREEMENT
ON THE DAY, MONTH AND YEAR FIRST ABOVE WRITTEN.**

For the NBFC	Director	
By		
Name:	Name:	
Title:		
In the presence of:		
1.		2.