

Draft Reserve Bank of India (Non-Banking Financial Companies - Acceptance of Public Deposits) Directions, 2025

DRAFT FOR COMMENTS

RBI/2025-26/--

DO.R.FIN.REC.No./ 00-00-000/2025-26

XX, 2025

Reserve Bank of India (Non-Banking Financial Companies- Acceptance of Public Deposits) Directions, 2025

Table of Contents

Chapter I - Preliminary	2
Chapter II- Requirement of Maintenance of Liquid Assets	12
Chapter III- Restriction on Acceptance of Public Deposit by NBFC	13
Chapter IV - General Provisions regarding repayment of Public Deposit.....	18
Chapter V- Miscellaneous Instructions	21
Chapter VI- Reporting Requirements	30
Chapter VII- Repeal and Other Provisions	30
Annex I	33
Annex II	40

Introduction

In exercise of the powers conferred under sections 45J, 45JA, 45K, 45L and 45MA of the Reserve Bank of India Act, 1934 (Act 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 to do so, hereby, issues Reserve Bank of India (Non-Banking Financial Companies - Acceptance of Public Deposits) Directions, 2025 hereinafter specified.

Chapter I - Preliminary

A. Short Title and Commencement

1. These Directions shall be called the Reserve Bank of India (Non-Banking Financial Companies - Acceptance of Public Deposits) Directions, 2025.
2. These Directions shall become effective on the day these are placed on the official website of the Reserve Bank.

B. Applicability

3. These Directions shall be applicable to Non-Banking Financial Companies (hereinafter collectively referred to as 'NBFCs' and individually as an 'NBFC'), excluding Housing Finance Companies (HFCs), registered with the Reserve Bank under section 45IA (5) of the RBI Act.
4. These Directions shall not be applicable to a Mutual Benefit Financial Company or a Mutual Benefit Company.

Provided that the application of Mutual Benefit Company is not rejected by Government of India under the provisions of the Companies Act, 1956 (Act 1 of 1956).

5. Nothing contained in these Directions shall be applicable to: -
 - (1) an insurance company holding a valid certificate of registration issued under section 3 of the Insurance Act, 1938 (Act 4 of 1938), or a stock exchange notified under section 4 of the Securities Contracts (Regulation) Act, 1956 (Act 42 of 1956), or a stock broking company defined in section 12 of the Securities and Exchange Board of India Act, 1992 (Act 15 of 1992);
 - (2) an investment and credit company not accepting/holding any public deposit;

Provided that the company was required to pass in the meeting of its board of directors within thirty days of the issue of NBFC (Reserve Bank) Directions, 1998 dated January 02, 1998 and thereafter within thirty days of the commencement of the next financial year and each subsequent financial year, a resolution to the effect that the company has neither accepted public deposit nor would accept any public deposit during the year.

- (3) an investment and credit company,
 - (i) which has acquired shares/securities of its own group/holding/ subsidiary companies only and such acquisition is not less than ninety per cent of its total assets at any point of time;
 - (ii) which does not trade in such shares/securities; and
 - (iii) which does not accept/hold any public deposit;

Provided that the company passes in the meeting of its board of directors within thirty days of the issue of NBFC (Reserve Bank) Directions, 1998 dated January 02, 1998 and thereafter within thirty days of the commencement of each subsequent financial year a resolution to the effect that the company has invested or would invest/hold its investments in the shares/securities of its group/holding/subsidiary companies of not less than 90 per cent of its assets and (name of each company to be specified), that it would not trade in such shares/securities and that it has neither accepted nor would accept any public deposit during the year.

- 6. These Directions shall apply to an NBFC being a Government Company as defined in section 2(45) of the Companies Act, 2013.
- 7. The Reserve Bank may, if it considers necessary for avoiding any hardship or for any other just and sufficient reason, grant extension of time to comply with or exempt any company or class of companies 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.
- 8. These Directions consolidates 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 Deposit taking NBFC shall be adhered to by it.

9. Deposit taking NBFCs intending to offer green deposits to their customers shall comply with the Reserve Bank of India (Non-Banking Financial Companies – Climate Finance and Management of Climate Change Risks) Directions, 2025, as amended from time to time.

C. Definitions

10. For the purpose of these Directions, unless the context otherwise requires:

- (1) "depositor" means any person who has made a deposit with a company; or an heir, legal representative, administrator or assignee of the depositor;
- (2) "free reserves" means the aggregate of the balance in the share premium account, capital and debenture redemption reserves and any other reserve shown or published in the balance sheet of a company and created through an allocation of profits not being a reserve created for repayment of any future liability or for depreciation in assets or for bad debts or a reserve created by revaluation of the assets of the company;
- (3) "hybrid debt" means capital instrument which possesses certain characteristics of equity as well as of debt;
- (4) "insurance company" means any company registered under section 3 of the Insurance Act, 1938 (Act 4 of 1938);
- (5) "Investment and Credit Company" means any company which is a financial institution carrying on as its principal business- asset finance, the providing of finance whether by making loans or advances or otherwise for any activity other than its own and the acquisition of securities; and is not any other category of NBFC as defined by the Reserve Bank in any of its Master Directions;
- (6) "lending public financial institution" means –
 - (i) a public financial institution specified in or under section 4A of the Companies Act, 1956 (Act 1 of 1956); or
 - (ii) a State Financial, Industrial or Investment Corporation; or
 - (iii) a scheduled commercial bank; or

- (iv) the General Insurance Corporation of India established in pursuance of the provisions of section 9 of the General Insurance Business (Nationalisation) Act, 1972 (Act 57 of 1972); or
- (v) any other Institution which the Reserve Bank may, by notification, specify in this behalf.

- (7) "mutual benefit financial company" means any company which is a financial institution notified by the Central Government under section 620A of the Companies Act, 1956 (Act 1 of 1956);
- (8) "mutual benefit company" means a company not notified under section 620A of the Companies Act, 1956 (Act 1 of 1956) and carrying on the business of a non-banking financial institution, -
 - (i) on 9th January 1997; and
 - (ii) having the aggregate of net owned funds and preferential share capital of not less than ten lakhs of rupees; and
 - (iii) has applied for issue of certificate of registration to the Reserve Bank on or before 9th July 1997; and
 - (iv) is complying with the requirements contained in the relevant provisions of the Directions issued under section 637A of the Companies Act, 1956 applicable to Nidhi Companies by the Central Government;
- (9) "net owned fund" refers to the net owned fund as defined under section 45-IA of the RBI Act.
- (10) "non-banking financial company" means only the non-banking institution which is an investment and credit company or a mutual benefit financial company or a factor registered with the Reserve Bank under section 3 of Factoring Regulation Act (2011);
- (11) problem non-banking financial company means a non-banking financial company which -
 - (i) has refused or failed to meet within five working days any lawful demand for repayment of the matured public deposits; or
 - (ii) intimates the Company Law Board under section 58AA of the Companies Act, 1956, about its default to a small depositor in repayment of any public deposit or part thereof or any interest thereupon; or

- (iii) approaches the Reserve Bank for withdrawal of the liquid asset securities to meet its deposit obligations; or
- (iv) approaches the Reserve Bank for any relief or relaxation or exemption from the provisions of these Directions or from that of any other Directions applicable to a non-banking financial company (excluding HFC) for avoiding default in meeting public deposit or other obligations; or
- (v) has been identified by the Reserve Bank to be a problem non-banking financial company either suo moto or based on the complaints from the depositors about non-repayment of public deposits or on complaints from the company's lenders about non-payment of dues.

(12) "public deposit" means a deposit as defined under section 45-I(bb) of the Reserve Bank of India Act, 1934 (2 of 1934), excluding the following:

- (i) any amount received from the Central Government or a State Government or any amount received from any other source and whose repayment is guaranteed by the Central Government or a State Government or any amount received from a local authority or a foreign Government or any other foreign citizen, authority or person;
- (ii) any amount received from the Industrial Development Bank of India established under the Industrial Development Bank of India Act, 1964 (Act 18 of 1964), or the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956 (Act 31 of 1956), or the General Insurance Corporation of India and its subsidiaries established in pursuance of the provisions of section 9 of the General Insurance Business (Nationalisation) Act, 1972 (Act 57 of 1972), or the Small Industries Development Bank of India established under the Small Industries Development Bank of India Act, 1989 (Act 39 of 1989), or the Unit Trust of India established under the Unit Trust of India Act, 1963 (Act 52 of 1963), or National Bank for Agriculture and Rural Development established under the National Bank for Agriculture and Rural Development Act, 1982, or an Electricity Board constituted under the Electricity (Supply) Act, 1948, or the Tamil Nadu Industrial Investment Corporation Ltd., or the National Industrial Development Corporation of

India Ltd., or the Rehabilitation Industries Corporation of India Ltd., or the Industrial Credit & Investment Corporation of India Ltd., or the Industrial Finance Corporation of India Ltd., or the Industrial Investment Bank of India Ltd., or the State Trading Corporation of India Ltd., or the Rural Electrification Corporation Ltd., or the Minerals and Metals Trading Corporation of India Ltd., or the Agricultural Finance Corporation Ltd., or the State Industrial and Investment Corporation of Maharashtra Ltd., or the Gujarat Industrial Investment Corporation Ltd., or Asian Development Bank or International Finance Corporation or a company incorporated under the Companies Act, 1956 (Act 1 of 1956); or a Corporation established by or under any Statute; or a cooperative society registered under the Cooperative Societies Act of any State and any other institution that may be specified by the Bank in this behalf;

- (iii) any amount received by a company from any other company;
- (iv) any amount received and held pursuant to an offer made in accordance with the provisions of the Companies Act, 2013, towards subscription to any securities, including share application money or advance towards allotment of securities pending allotment, to such extent and for such period as permissible under the Companies (Acceptance of Deposit) Rules, 2014 and as amended from time to time;
- (v) any amount received from a person who at the time of receipt of the amount was a director of the company or any amount received from its shareholders by a private company or by a private company which has become a public company under section 43A of the Companies Act, 1956 and continues to include in its Articles of Association provisions relating to the matters specified in clause (iii) of sub-section (1) of section 3 of the Companies Act, 1956 (Act 1 of 1956):

Provided that the director or shareholder, as the case may be, from whom the money is received furnishes to the company at the time of giving the money, a declaration in writing to the effect that the amount is not being given out of funds acquired by him by borrowing or accepting from others;

Provided further that in the case of joint shareholders of a private company, monies received from or in the name of the joint shareholders except the first named shareholder shall not be eligible to be treated as the receipt of money from the shareholder of the company;

- (vi) any amount raised by the issue of bonds or debentures secured by the mortgage of any immovable property of the company; or by any other asset or which would be compulsorily convertible into equity in the company provided that in the case of such bonds or debentures secured by the mortgage of any immovable property or secured by other assets, the amount of such bonds or debentures shall not exceed the market value of such immovable property/other assets;
 - (a) any amount raised by issuance of non-convertible debentures with a maturity more than one year and having the minimum subscription per investor at ₹1 crore and above, provided that such debentures have been issued in accordance with the guidelines issued by the Reserve Bank as in force from time to time in respect of such non-convertible debentures.
- (vii) any amount brought in by the promoters by way of unsecured loan in pursuance of stipulations of lending institutions subject to the fulfilment of the following conditions, namely:-
 - (a) the loan is brought in pursuance of the stipulation imposed by the lending public financial institution in fulfilment of the obligation of the promoters to contribute such finance,
 - (b) the loan is provided by the promoters themselves and/or by their relatives, and not from their friends and business associates, and
 - (c) the exemption under this sub-clause shall be available only till the loan of financial institution is repaid and not thereafter;
- (viii) any amount received from a Mutual Fund which is governed by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996;

- (ix) any amount received as hybrid debt or subordinated debt the minimum maturity period of which is not less than sixty months provided there is no option for recall by the issuer within the period;
- (x) any amount received from a relative of a director of the NBFC.

Note: The deposit shall be accepted only on an application made by the depositor containing therein that as on the date of deposit, he is related to the specific director in the capacity of a relative as defined under Companies Act, 1956 (1 of 1956);

- (xi) any amount received by issuance of commercial paper, in accordance with Master Direction – Reserve Bank of India (Commercial Paper and Non-Convertible Debentures of original or initial maturity up to one year) Directions, 2024;
- (xii) any amount received by a NBFC-Middle Layer and above (except deposit taking NBFCs) by issuance of 'perpetual debt instruments' in accordance with guidelines issued in this regard by the Reserve Bank and as amended from time to time;

Explanation: NBFC-Middle Layer has been defined in Reserve Bank of India (Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation) Directions, 2025

- (xiii) any amount raised by the issue of infrastructure bonds by an Infrastructure Finance Company, as specified in the notification issued from time to time by the Central Government under section 80CCF of the Income Tax Act, 1961.

- (13) "securities" means securities as defined in section 2(h) of the Securities Contracts (Regulation) Act, 1956 (Act 42 of 1956);
- (14) "subordinated debt" means an instrument, which is fully paid up, is unsecured and is subordinated to the claims of other creditors and is free from restrictive clauses and is not redeemable at the instance of the holder or without the consent of the supervisory authority of the non-banking financial

company. The book value of such instrument shall be subjected to discounting as provided hereunder:

Remaining Maturity of the instruments	Rate of discount
(a) Up to one year	100 per cent
(b) More than one year but up to two years	80 per cent
(c) More than two years but up to three years	60 per cent
(d) More than three years but up to four years	40 per cent
(e) More than four years but up to five years	20 per cent

to the extent such discounted value does not exceed fifty per cent of Tier I capital;

- (15) "stock broking company" means a company doing the business of a stock-broker or sub-broker holding a valid certificate of registration obtained under section 12 of the Securities and Exchange Board of India Act, 1992 (Act 15 of 1992);
- (16) "stock exchange" means a company recognised as a stock exchange under section 4 of the Securities Contracts (Regulation) Act, 1956 (Act 42 of 1956).
- (17) "tiny deposit" means the aggregate amount of public deposits not exceeding ₹10,000/- standing in the name of the sole or the first named depositor in the same capacity in all the branches of the non-banking financial company.

11. Words or expressions used in these Directions but not defined herein and defined in the RBI Act, 1934 shall have the same meaning as assigned to them in the RBI Act, 1934. Any other words or expressions used in these Directions and not defined in these directions or in the RBI Act, 1934 or any of the Directions issued by the Reserve Bank, shall have the meanings respectively assigned to them

under the Companies Act, 1956 or Companies Act, 2013 (Act 18 of 2013) as the case may be.

12.(1) If any question arises as to whether a company is a financial institution or not, such question shall be decided by the Reserve Bank in consultation with the Central Government and the decision of the Reserve Bank shall be final and binding on all the parties concerned.

(2) If any question arises as to whether a company, which is a financial institution, is an Investment and credit company; such question shall be decided by the Reserve Bank, having regard to the principal business of the company and other relevant factors and the decision of the Reserve Bank shall be final and binding on all the parties concerned.

Chapter II- Requirement of Maintenance of Liquid Assets

13. Every NBFC-D, shall invest and continue to invest in India in unencumbered approved securities valued at the price not exceeding the current market price of such securities an amount which shall, at the close of business on any day, not be less than 15% of the “public deposit”, as defined under paragraph 10(12) of these directions, outstanding at the close of business on the last working day of second preceding quarter; and
14. All other provisions of section 45-IB of the RBI Act, 1934 shall mutatis-mutandis be applicable to the above requirement as if the expression “public deposit” is the same as the expression “deposit” as contemplated under the said provision.

Provided that such Non-Banking Financial Companies shall be entitled to invest an amount equal to or in excess of ten percent of public deposits, in unencumbered approved securities and the remaining in unencumbered

- (1) term deposits in any scheduled commercial bank, Small Industries Development Bank of India (SIDBI) or National Bank for Agriculture and Rural Development (NABARD) or
- (2) bonds issued by SIDBI or NABARD.

Provided further that, the aggregate of the amount invested in unencumbered approved securities, term deposits and the bonds as aforesaid shall not be less than 15 per cent of public deposits.

Chapter III- Restriction on Acceptance of Public Deposit by NBFC

A. Minimum Credit Rating

15. No non-banking financial company having Net Owned Fund (NOF) of twenty-five lakh of rupees and above shall accept public deposit unless it has obtained minimum investment grade or other specified credit rating for fixed deposits from any one of the approved credit rating agencies at least once a year and a copy of the rating is sent to the Reserve Bank along with return on prudential norms.
16. In the event of upgrading or downgrading of credit rating of any non-banking financial company to any level from the level previously held by the non-banking financial company, it shall within fifteen working days of its being so rated inform the Reserve Bank in writing, of such upgrading/downgrading.

B. Approved Credit Rating Agencies and Minimum Investment Grade Credit Rating

17. The minimum investment grade credit rating shall be 'BBB-' from any of the SEBI-registered Credit Rating Agencies.

C. Prohibition from Accepting Demand Deposit:

18. No non-banking financial company shall accept any public deposit which is repayable on demand.

D. Period of Public Deposit

19. No non-banking financial company shall accept or renew any public deposit, unless such deposit is repayable after a period of twelve months but not later than sixty months from the date of acceptance or renewal thereof.

E. Ceiling on Quantum of Deposit:

20. An investment and credit company or a factor
 - (1) having minimum NOF as stipulated by the Reserve Bank, and
 - (2) complying with all the prudential norms,

shall accept or renew public deposit, together with the amounts remaining outstanding in the books of the company as on the date of acceptance or renewal of such deposit, not exceeding one and one-half times of its NOF.

Provided that an investment and credit company holding public deposits in excess of the limit of one and one-half times of its NOF shall not renew or accept fresh deposits till such time it reaches the revised limit.

Provided further that no matured public deposit shall be renewed without the express and voluntary consent of the depositor.

F. Downgrading of Credit Rating

21. In the event of downgrading of credit rating below the minimum specified investment grade as provided for in paragraph 12 above, a non-banking financial company, being an investment and credit company or a factor, shall regularise the excess deposit as provided hereunder;

- (1) with immediate effect, stop accepting fresh public deposits and renewing existing deposits;
- (2) all existing deposits shall run off to maturity; and
- (3) report the position within fifteen working days, to the concerned Regional Office of the Reserve Bank where the NBFC is registered.

G. Ceiling on the rate of interest

22. No non-banking financial company shall invite or accept or renew public deposit at a rate of interest exceeding twelve and half per cent per annum. Interest may be paid or compounded at rests which shall not be shorter than monthly rests.

H. Deposits from Non-Resident Indians

23. No non-banking financial company shall invite or accept or renew deposits from Non-Resident Indians/ persons of Indian origin, unless it is in compliance of regulations prescribed vide Foreign Exchange Management (Deposit) Regulations, 2016 (as amended from time to time) and such deposits shall not be at a rate exceeding the rate specified by the Reserve Bank for such deposits with scheduled commercial banks.

Explanation - The period of above deposits shall be not less than one year and not more than three years.

I. Payment of Brokerage

24. No non-banking financial company shall pay to any broker on public deposit collected by or through him, -

- (1) brokerage, commission, incentive or any other benefit by whatever name called, in excess of two per cent of the deposit so collected; and
- (2) expenses by way of reimbursement on the basis of relative vouchers/bills produced by him, in excess of 0.5 percent of the deposit so collected.

J. Intimation of Maturity of Deposits to Depositors

25. It shall be the obligation of the non-banking financial company to intimate the details of maturity of the deposit to the depositor at least 14 days before the date of maturity of the deposit.

K. Renewal of public deposit

26. Where a non-banking financial company permits an existing depositor to renew the deposit before maturity for availing of the benefit of higher rate of interest, such company shall pay the depositor the increase in the rate of interest provided that, -

- (1) the deposit is renewed in accordance with the other provisions of these directions and for a period longer than the remaining period of the original contract; and
- (2) the interest on the expired period of the deposit is reduced by one percentage point from the rate which the company would have ordinarily paid, had the deposit been accepted for the period for which such deposit had run; any interest paid earlier in excess of such reduced rate is recovered/adjusted.

L. Payment of interest on overdue public deposits

27. A non-banking financial company may, at its discretion, allow interest on an overdue public deposit or a portion of the said overdue deposit from the date of maturity of the deposit subject to the conditions that:

- (i) the total amount of overdue deposit or the part thereof is renewed in accordance with other relevant provisions of these directions, from the date of its maturity till some future date; and
- (ii) the interest allowed shall be at the appropriate rate operative on the date of maturity of such overdue deposit which shall be payable only on the amount of deposit so renewed:

Provided that where a non-banking financial company fails to repay the deposit along with interest on maturity on the claim made by the depositor, the non-banking financial company shall be liable to pay interest from the date of claim till the date of repayment at the rate as applicable to the deposit.

28. In regard to the payment of interest on such deposit which have either been seized by the government authorities, and/or have been frozen till further clearance is received by the concerned government authorities, the NBFCs shall follow the procedure mentioned below:

- (i) A request letter shall be obtained from the depositor on maturity. While obtaining the request letter from the depositor for renewal, NBFCs shall also advise the depositor to indicate the term for which the deposit is to be renewed. In case the depositor does not exercise his option of choosing the term for renewal, NBFCs shall renew the same for a term equal to the original term.
- (ii) No new receipt shall be issued. However, suitable note shall be made regarding renewal in the deposit ledger.
- (iii) Renewal of deposit shall be advised by registered letter / speed post / courier service to the concerned Government department under advice to the depositor. In the advice to the depositor, the rate of interest at which the deposit is renewed shall also be mentioned.
- (iv) If overdue period does not exceed 14 days on the date of receipt of the request letter, renewal shall be done from the date of maturity. If it exceeds 14 days, NBFCs shall pay interest for the overdue period as per the policy adopted by them, and keep it in a separate interest free sub-account which shall be released when the original fixed deposit is released.

29. However, the final repayment of the principal and the interest so accrued shall be done only after the clearance regarding the same is obtained by the NBFCs from the respective Government agencies.

M. Joint deposit

30. Where so desired, deposits may be accepted in joint names with or without any of the clauses, namely, "Either or Survivor", "Number One or Survivor/s", "Anyone or Survivor/s".

Chapter IV - General Provisions regarding repayment of Public Deposit

A. Minimum Lock-in Period and Repayment in the event of death of the depositor

31. No non-banking financial company shall grant any loan against a public deposit or make premature repayment of a public deposit within a period of three months (lock-in period) from the date of its acceptance:

Provided that in the event of death of a depositor, a non-banking financial company shall repay the public deposit prematurely, even within the lock-in period, to the surviving depositor/s in the case of joint holding with survivor clause, or to the nominee or the legal heir/s of the deceased depositor, on the request of the surviving depositor/s/nominee/legal heir, and only against submission of proof of death, to the satisfaction of the company.

B. Repayment of Public Deposits by a NBFC not being a Problem NBFC

32. Subject to the provisions contained in paragraph 31, a non-banking financial company not being a problem Non-Banking Financial Company may,

(1) permit premature repayment of a public deposit at its sole discretion:

Provided such non-banking financial company shall, if so, permitted by the terms and conditions of acceptance of such deposit, repay it prematurely at the request of the depositor, after the expiry of three months from the date of deposit;

(2) grant a loan up to seventy-five percent of the amount of public deposit to a depositor after the expiry of three months from the date of deposit at a rate of interest two percentage points above the interest rate payable on the deposit.

C. Repayment of Public Deposit in order to meet certain expenses of an emergent nature

33. A non-banking financial company not being a problem Non-Banking Financial Company, in order to meet certain expenses of an emergent nature, subject to the satisfaction of the NBFC concerned about such circumstances—

- (1) 'Tiny deposits' may prematurely be paid to individual depositors, at the request of the depositor, before the expiry of three months from the date of acceptance of such deposits, in entirety, without interest;
- (2) In case of other public deposits, not more than fifty per cent of the amount of the principal sum of deposit or ₹5 lakh, whichever is lower, may be prematurely paid to individual depositors, at the request of the depositors, before the expiry of three months from the date of acceptance of such deposits, without interest; the remaining amount with interest at the contracted rate shall be governed by the provisions of the extant directions as applicable for public deposits;

Provided that in cases of critical illness, hundred per cent of the amount of the principal sum of deposit, may be prematurely paid to individual depositors, at the request of the depositors, before the expiry of three months from the date of acceptance of such deposits, without interest.

Explanation:

- (1) For this purpose, expenses of an emergent nature include medical emergency or expenses due to natural calamities/ disaster as notified by the concerned Government/ authority.
- (2) For the definition of 'Critical illness', NBFCs shall be guided by the IRDAI (Health Insurance) Regulations, 2016 and the guidelines issued thereunder, as amended from time to time.
- (3) The amount as per these provisions shall also apply to the existing deposit contracts wherein the individual depositor does not have a right to premature withdrawal of the deposit before the expiry of three months.

D. Repayment of Public Deposits by a Problem NBFC

34. Subject to the provisions contained in paragraph 24, in order to enable a depositor to meet expenses of an emergent nature, a problem non-banking financial company may make premature repayment of, or grant a loan against, a public deposit in the following cases only, namely:

- (1) repay a tiny deposit in entirety or repay any other public deposit up to an amount not exceeding ₹10,000/-; or

(2) grant a loan against a tiny deposit or up to an amount not exceeding ₹10,000/- against any other deposit, at a rate of interest two percentage points above the interest rate payable on the deposit.

E. Clubbing of Deposits by a Problem NBFC

35. All deposit accounts standing to the credit of sole/first named depositor in the same capacity shall be clubbed and treated as one deposit account for the purpose of premature repayment or grant of loan by a problem non-banking financial company:

Provided that this clause shall not apply to premature repayment in the event of death of depositor as provided in paragraph 24.

F. Rate of interest on premature repayment of public deposits

36. Where a non-banking financial company, whether at its sole discretion or at the request of the depositor, as the case may be, repays a public deposit after three months from the date of its acceptance, but before its maturity (including premature repayment in the case of death of the depositor), it shall pay interest at the following rates:

After 3 months but before 6 months	No interest
After 6 months but before the date of maturity	The interest payable shall be 2 per cent lower than the interest rate applicable to a public deposit for the period for which the public deposit has run or if no rate has been specified for that period, then 3 per cent lower than the minimum rate at which public deposits are accepted by the non-banking financial company.

Chapter V- Miscellaneous Instructions

A. Furnishing of receipt to depositor

37. Every non-banking financial company shall furnish to every depositor or his agent or group of joint depositors, a receipt for every amount received by the company by way of deposit.

38. The said receipt shall be duly signed by an officer authorised by the company in that behalf and shall state the date of deposit, the name of the depositor, the amount in words and figures received by the company by way of deposit, rate of interest payable thereon and the date on which the deposit is repayable:

Provided that, if such receipts pertain to instalments subsequent to the first instalment of a recurring deposit it may contain only name of the depositor and date and amount of deposit.

B. Register of Deposit

39. Every non-banking financial company shall keep one or more registers in respect of all deposits in which shall be entered separately in the case of each depositor the following particulars, namely: -

- (1) name and address of the depositor,
- (2) date and amount of each deposit,
- (3) duration and the due date of each deposit,
- (4) date and amount of accrued interest or premium on each deposit,
- (5) date of claim made by the depositor,
- (6) date and amount of each repayment, whether of principal, interest or premium,
- (7) the reasons for delay in repayment beyond five working days and
- (8) any other particulars relating to the deposit.

40. The register or registers aforesaid shall be kept at each branch in respect of the deposit accounts opened by that branch of the company and a consolidated register for all the branches taken together at the registered office of the company

and shall be preserved in good order for a period of not less than eight calendar years following the financial year in which the latest entry is made of the repayment or renewal of any deposit of which particulars are contained in the register:

Provided that, if the company keeps the books of account referred to in sub-section (1) of section 209 of the Companies Act, 1956 (Act 1 of 1956) at any place other than its registered office in accordance with the proviso to that sub-section, it shall be deemed to be sufficient compliance with this clause if the register aforesaid is kept at such other place, subject to the condition that the company delivers to the Bank a copy of the notice filed with the Registrar of Companies under the proviso to the said sub-section within seven days of such filing.

41. NBFCs may maintain the particulars/ details of the deposits, as required under the above-mentioned para, on centralized computer database; provided the authenticated particulars of public deposits are sent to the respective branches, updating the information on quarterly basis i.e. as on March 31, June 30, September 30 and December 31, every year irrespective of the fact that the branch does not open deposit accounts. The information pertaining to a quarter should reach the branch concerned before the 10th day of the next quarter.

C. Branches and Appointment of Agents to Collect Deposits

42. No non-banking financial company shall open its branch or appoint agents to collect deposits except as provided hereunder:

(1) a non-banking financial company having the certificate of registration issued under section 45-IA of the RBI Act and otherwise entitled to accept public deposits as per paragraph 15 of these Directions, shall open its branch or appoint agents if its

(a) NOF is up to ₹50 crore	Within the State where its registered office is situated; and
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(b) NOF is more than ₹50 crore and its credit rating is AA or above	Anywhere in India
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Explanation: A non-banking financial company with asset size greater than ₹50 crore and credit rating below AA, shall be eligible to open branches only within the state where its registered office is situated.

43. (1) for the purpose of opening a branch, a non-banking financial company shall notify to the Reserve Bank of its intention to open the proposed branch;
- (2) on receipt of such notification, the Reserve Bank may, on being satisfied that in the public interest or in the interest of the concerned non-banking financial company or for any other relevant reasons to be recorded, reject the proposal and communicate the same to the non-banking financial company;
- (3) if no advice of rejection of the proposal under (ii) above is communicated by the Reserve Bank within 30 days from the receipt of such notification, the non-banking financial company may proceed with its proposal.

D. Closure of Branches

44. No non-banking financial company shall close its branch/office without publishing such intention in any one national level newspaper and in one vernacular newspaper in circulation in the relevant place indicating therein the purpose and arrangements being made to service depositors etc. and without advising the Reserve Bank, before ninety days of the proposed closure.
45. An intimation along with a copy of the notice in respect of above should be sent within 7 days of its publication in the newspapers to the Regional Office of the Reserve Bank under whose jurisdiction the registered office of the company is located.

E. Safe Custody of Liquid Assets

46. Every non-banking financial company shall -

- (1) open a Subsidiary General Ledger (SGL) account with the Reserve Bank or a Gilt account with Constituent's Subsidiary General Ledger (CSGL) account holder or a dematerialized account with a depository through a depository participant registered with the Securities and Exchange Board of India and keep the unencumbered approved securities required to be maintained by it in pursuance of section 45-IB of the RBI Act and the Directions as specified in Chapter II of these Directions in such account;
- (2) designate one of the scheduled commercial banks, in the place where the registered office of the non-banking financial company is situated, as its designated banker and entrust, in physical form, to such bank or the Stock Holding Corporation of India Ltd. (SHCIL) the unencumbered term deposits in any scheduled commercial bank maintained by it in pursuance of directions as specified in chapter II of these Directions;

and intimate the name and address of such entity where it has opened its gilt account or the depository (and the depository participant) where it has held its dematerialised account, in writing, to the Regional Office of the Reserve Bank under whose jurisdiction the registered office of the company is situated, as specified in First Schedule hereto:

Provided that where a non-banking financial company intends to entrust the securities specified in clause (ii) above with the entity, at a place other than the place at which its registered office is located, it may do so with the prior approval, in writing, of the Regional Office of the Reserve Bank under whose jurisdiction the registered office of the company is situated, as specified in First Schedule hereto:

Provided further that the government securities held in the said SGL account or gilt account or dematerialised account, shall not be traded, either by entering into ready forward contracts, including reverse ready forward contracts, or otherwise, except, by following the procedure and to the extent, as hereinafter specified.

47. The securities mentioned in sub-paragraph 32 (1) above shall continue to be kept as specified therein for the benefit of the depositors and shall not be withdrawn or

encashed or otherwise dealt with by the non-banking financial company except for repayment to the depositors with the prior approval of Reserve Bank:

Provided that,

- (i) a non-banking financial company may withdraw a portion of such securities in proportion to the reduction of its public deposits duly certified to that effect by its auditor;
- (ii) the market value of these securities shall, at no point of time, be less than the percentage of public deposits as specified in the directions as specified in Chapter II of these Directions.

48. Where the non-banking financial company intends to trade, either by entering into ready forward contracts, including reverse ready forward contracts, or otherwise, in the government securities that are held in excess of the requirement under section 45-IB of the Act and directions as specified in Chapter II of these Directions, the same shall be undertaken by opening a separate SGL account or gilt account or dematerialised account, subject to the Reserve Bank's instructions in the matter, for keeping such excess government securities.

49. In order to protect the interest of depositors, an exclusive SGL or gilt account or dematerialized account to hold Government securities shall be maintained for securities held for the purpose of compliance with section 45-IB of the Act. This account shall be operated only for purchase or sale of securities due to increase or decrease in the quantum of public deposits or withdrawal of securities for encashment on maturity or for repayment to depositors in special circumstances.

F. Employees Security Deposit

50. A non-banking financial company receiving any amount in the ordinary course of its business as security deposit from any of its employees for due performance of his duties shall keep such amount in an account with a scheduled commercial bank or in a post office in the joint names of the employee and the company on the conditions that -

- (1) it shall not withdraw the amount without the consent in writing of the employee; and

(2) the amount shall be repayable to the employee along with interest payable on such deposit account unless such amount or any part thereof is liable to be appropriated by the company for the failure on the part of the employee for due performance of his duties.

G. Information to be Included in the Board's Report

51. In every report of the Board of Directors laid before the company in a general meeting under sub-section (1) of section 217 of the Companies Act, 1956 (Act 1 of 1956), there shall be included in the case of a non-banking financial company, the following particulars or information, namely:-

- (1) the total number of accounts of public deposit of the company which have not been claimed by the depositors or not paid by the company after the date on which the deposit became due for repayment; and
- (2) the total amounts due under such accounts remaining unclaimed or unpaid beyond the dates referred to in clause (i) as aforesaid.

52. The said particulars or information shall be furnished with reference to the position as on the last day of the financial year to which the report relates and if the amounts remaining unclaimed or undisbursed as referred to in clause (ii) of the preceding sub-paragraph exceed in the aggregate a sum of rupees five lakhs, there shall also be included in the report a statement on the steps taken or proposed to be taken by the Board of Directors for the repayment of the amounts due to the depositors remaining unclaimed or undisbursed.

H. Copies of Balance Sheet and Accounts together with the Directors' Report and notes on accounts to be furnished to the Reserve Bank

53. Every non-banking financial company accepting/holding public deposit shall deliver to the Reserve Bank an audited balance sheet as on the last date of each financial year and an audited profit and loss account in respect of that year as passed by the company in general meeting together with a copy of the report of the Board of Directors laid before the company in such meeting in terms of section 217(1) of the Companies Act, 1956 (Act 1 of 1956) within fifteen days of such meeting as also a copy of the report and the notes on accounts furnished by its Auditor.

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

54. Every non-banking financial company shall, not later than one month from the occurrence of any change in the following matters, intimate to the Reserve Bank of India: -

- (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 specimen signatures of the officers authorised to sign on behalf of the company; and
- (5) the names and office address of the auditors of the company.

J. Cover for Public Deposits - Creation of Floating Charge on Liquid Assets

55. In order to ensure protection of depositors' interest, non-banking financial company shall ensure that at all times there is full cover available for public deposits accepted by it.

- (1) While calculating this cover the value of all debentures (secured and unsecured) and outside liabilities other than the aggregate liabilities to depositors shall be deducted from the total assets. Further, the assets should be evaluated at their book value or realizable / market value whichever is lower for this purpose. It shall be incumbent upon the non-banking financial company concerned to inform the Regional Office of the Reserve Bank wherein it is registered, in case the asset cover calculated as above falls short of the liability on account of public deposits. Non-banking financial companies accepting / holding public deposits shall create a floating charge on the statutory liquid assets invested in terms of section 45-IB of the RBI Act, in favour of their depositors. Such charge shall be duly registered in accordance with the requirements of the Companies Act, 1956.
- (2) Non-banking financial companies shall create the floating charge on the statutory liquid assets maintained in terms of section 45-IB of the RBI Act and in terms of notifications issued by the Reserve Bank from time to time, in favour of their depositors through the mechanism of 'Trust Deed'. The charge

is required to be registered with the Registrar of Companies and the information in this regard is required to be furnished to the trustees and the Reserve Bank. A copy of the 'Draft Trust Deed' containing the details in this regard is enclosed as [Annex I](#) for the guidance of the non-banking financial companies. The 'Trustee Guidelines' are also enclosed as [Annex II](#).

K. Non-banking Financial Company failing to repay public deposit Prohibited from making Loans and Investments

56. A non-banking financial company which has failed to repay any public deposit or part thereof in accordance with the terms and conditions of such deposit, as provided in section 45QA (1) of the RBI Act, shall not grant any loan or other credit facility by whatever name called or make any investment or create any other asset as long as the default exists.

L. Restrictions on Investments in Land and Building and Unquoted shares

57. No investment and credit company, which is accepting public deposit, shall, invest in-

- (1) land or building, except for its own use, an amount exceeding ten per cent of its owned fund;
- (2) unquoted shares of another company, which is not a subsidiary company or a company in the same group of the non-banking financial company, an amount exceeding twenty per cent of its owned fund.

Provided that the land or building or unquoted shares acquired in satisfaction of its debts shall be disposed of by the non-banking financial company within a period of three years or within such period as extended by the Reserve Bank, from the date of such acquisition if the investment in these assets together with such assets already held by the non-banking financial company exceeds the above ceiling;

Explanation - While calculating the ceiling on investment in unquoted shares, investments in such shares of all companies shall be aggregated.

Provided further that the ceiling on the investment in unquoted shares shall not be applicable to an investment and credit company in respect of investment in the equity capital of an insurance company upto the extent specifically permitted, in writing, by the Reserve Bank.

Chapter VI- Reporting Requirements

58. The reporting requirements in respect of NBFC-D as prescribed by Department of Supervision, Reserve Bank shall be adhered to by the non-banking finance company.

Chapter VII- Repeal and Other Provisions

A. Repeal and saving

59. With the issue of these Directions, the existing instructions/guidelines relating to Acceptance of Public Deposits as applicable to Non-Banking Financial 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.

60. 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

61. 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

62. 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 Reserve Bank 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 Reserve Bank shall be final and binding. Non-compliance with the Directions shall invite penal action under the provisions of the RBI Act.

First Schedule

(Please see paragraph 32 of the Directions)

Area under the jurisdiction of each Regional Office of the

Reserve Bank of India

Name and address of the Office	Area under jurisdiction
1. Ahmedabad Regional Office, 1st Floor, Main Building, Near Gandhi Bridge, Ahmedabad-380 014.	State of Gujarat and Union Territories of Daman and Diu and Dadra and Nagar Haveli
2. Bangalore Regional Office, 10-3-8, Nrupathunga Road, Bangalore-560 002.	State of Karnataka.
3. Bhopal Regional Office, Hoshangabad Road, Post Box No.32, Bhopal-462 011.	States of Madhya Pradesh and Chhattisgarh
4. Bhubaneswar Regional Office Pandit Jawaharlal Nehru Marg, Post Bag No.16, Bhubaneswar-751 001.	State of Orissa.
5. Kolkata Regional Office, 15, NetajiSubhas Road, Kolkata 700 001.	States of Sikkim, and West Bengal and the Union Territory of Andaman and Nicobar Islands
6. Chandigarh Regional Office, 11, Central Vista, New Office Building Opp. Telephone Bhavan, Sector 17, Chandigarh-160 017.	States of Himachal Pradesh, Punjab and the Union Territory of Chandigarh.
7. Chennai Regional Office, Fort Glacis, Rajaji Salai, Chennai-600 001.	State of Tamil Nadu and Union Territory of Pondicherry.
8. Guwahati Regional Office, Station Road, Pan Bazar, Post Box No.120, Guwahati-781 001.	States of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland and Tripura.
9. Hyderabad Regional Office, 6-1-56, Secretariat Road,	State of Andhra Pradesh and Telangana

Saifabad, Hyderabad-500 004.	
10. Jaipur Regional Office, Ram Bagh Circle, Tonk Road, P.B.No.12, Jaipur-302 004.	State of Rajasthan.
11. Jammu Regional Office, Rail Head Complex, Post Bag No.1, Jammu-180 012.	State of Jammu and Kashmir.
12. Kanpur Regional Office Mahatma Gandhi Marg, Kanpur - 208 001	States of Uttar Pradesh and Uttarakhand
13. Mumbai Regional Office, Reserve Bank of India Building, 3rd Floor, Opp. Mumbai Central Station Byculla, Mumbai-400 008	States of Goa and Maharashtra
14. New Delhi Regional office, 6, Sansad Marg, New Delhi-110 001.	State of Haryana and National Capital Territory of Delhi.
15. Patna Regional Office, South of Gandhi Maidan, Post Bag No.162, Patna-800 001.	States of Bihar and Jharkhand
16. Thiruvananthapuram Regional Office, Bakery Junction, Thiruvananthapuram-695 033.	State of Kerala and Union Territory of Lakshadweep.

Annex I

Draft Trust Deed

This Trust Deed is made at this day 2025 between.....Company Ltd. incorporated under the Companies Act,1956 having its registered office at (hereinafter referred to as "The Company") of the One Part, and Company Ltd. incorporated under the Companies Act, 1956/..... Bank constituted / incorporated under the..... Act and having its registered office at the trustees (hereinafter referred to as "The Trustees") of the Other Part.

Whereas by its Articles of Association, the Company is authorized to borrow, or raise and secure the payment of money by inviting deposits.

And Whereas the Directors of the Company being duly empowered by the Articles of Association of the Company have decided by a resolution passed in the meeting of the Board held on the day of 200...to raise deposits from the public under various schemes.

And as per the instructions of the Reserve Bank of India, the Company has to create charge of the Deposit Holders on the securities purchased by it under the provisions of section 45-IB of the Reserve Bank of India Act,1934 and the amount deposited in term deposits with the banks in terms of Chapter II of these Directions as amended by the Reserve Bank of India from time to time.

And Whereas the Company proposes to create charge of the Deposit Holders on the securities purchased by the Company as required under section 45-IB of the Reserve Bank of India Act 1934 and the amount deposited in term deposits with the banks in terms of Chapter II of these Directions.

And whereas the said Trustees mentioned above have consented to act as Trustee of the Deposit Holders by its resolution dated passed by its Board of Directors.

NOW THIS DEED WITNESSETH AND IT IS HEREBY MUTUALLY AGREED TO AND DECLARED BY AND BETWEEN THE PARTIES HERETO AS FOLLOWS:

1. Unless there be something in the subject or context inconsistent therewith, the following expressions shall have the meaning hereinafter mentioned that is to say:

- (a) "The Company" means M/s..... Company Ltd.
- (b) "The Trustees" means Company Ltd. incorporated under the Companies Act, 1956/..... Bank constituted / incorporated under theAct, and having its registered Office at
- (c) "Deposits" means a deposit accepted by the Company for the time being outstanding and entitled to the benefits of these presents.
- (d) "Deposit holders" means holders for the time being of the deposit receipt and entered in the register of deposit holders mentioned on the conditions endorsed on the deposit certificates for the holder of the deposits.
- (e) "Charged Securities" means the securities owned by the Company and invested by it under the provisions of section 45-IB of the Reserve Bank of India Act, 1934 (in CSGL Account No. maintained with and / or in Account in Demat securities deposited with M/s ,the Depository and in physical form and / or the amount deposited in fixed deposits with the banks in terms of notifications issued by the Bank from time to time in this regard.
- (f) "Act" means the Companies Act, 1956 (1 of 1956) and any modification or re-enactment thereof.
- (g) "Specified bankers" means the banks in which the company keeps the charged securities and any part thereof, an intimation to which will be given to the trustees and the Reserve Bank of India.

The words denoting the singular include the plural and vice-versa, unless the contrary appears from the context.

2. The deposits entitled to the benefit of these presents shall consist of total amount already deposited by the depositors with the company and to be deposited in future to rank pari passu without preference or priority by reason of the date of issue or otherwise and secured by the charge hereby created on securities.
3. The Company hereby covenants with the trustees that the Company on the maturity of the deposits or such earlier days (the maturity of these deposits will take place after the completion of the maturity period of the respective deposits) as amounts shall become payable, will pay the deposit holders the amount secured by their deposit respectively and in the meantime will pay interest to the deposit holders on the day it becomes due in case, the deposit holders have opted for monthly or periodical payment of interest.
4. All payments due by the Company in respect of the deposits certificates issued hereunder whether of interest or principal shall be made by cheque / warrant / DD / pay order by the Company and the Company shall make at its own expenses all arrangements for the smooth payment of the principal as well as the interest amount on the said deposits.
5. In consideration of the deposits hereby authorized and the deposits to be collected in future the Company as the beneficial owner, hereby create charge with the trustees on all the securities purchased by it under the provisions of section 45-IB of the Reserve Bank of India Act 1934, and the amount deposited in term deposits with the banks in terms of Chapter II of these Directions amounting to Rs.....(Rupees only) existing as well as the securities purchased by the Company in future under the provisions of section 45-IB of the Reserve Bank of India Act ,1934 and the amount deposited in term deposits with the banks in terms of Chapter II of these Directions for the benefit of deposit holders for the amounts due and all other charges, expenses and other dues, the payment of which has been secured by a charge on the securities under these presents and the charge as created has been as the floating charge. The trustees may at any time, by notice in writing to the Company, convert the said floating charge into a fixed charge and get it registered as legal charge in case the trustees are of the opinion that the said securities are in danger of being seized or sold under any sort of distress or execution levelled or threatened or in any other case.

6. The Company hereby undertakes that after the execution of these presents, it shall register the charge hereby created, with the Registrar of Companies under section 125 of the Companies Act, 1956 and furnish the information of the registration of the charge to the Trustees and the Reserve Bank of India .The Company shall also register the trustee's lien on the securities with the concerned bank / depository or any other authority and will advise the Trustees and the Reserve Bank of India about the same.

7. The Company shall hold and enjoy all the charged securities until the security hereby constituted shall become enforceable under the terms of these presents in which case the Trustees may in their discretion as next hereinafter mentioned or shall upon the request in writing of the 90% deposit holders by value take possession of the charged securities or any of them and may in the like discretion and shall sell, call in, collect and convert into money the same or any part thereof with full power to sell any of the said securities either together or in parcels, and either for a lump sum or for a sum payable by instalments or for a sum on account and a mortgage or charge for the balance and with full power sale to make any special or other stipulations as to title or evidence or commencement of the title, or otherwise, which the Trustees shall deem proper and with full powers to modify or rescind or vary any contract for sale of the said securities or any part thereof and to re-sell the same without being responsible for any loss which may be occasioned thereby and with full power to compromise and effect compositions and for the purposes aforesaid or any of them to execute and do all such assurances and things as they think fit.

8. The amounts due to the deposit holders under this indenture shall become immediately payable and the security hereby constituted shall become enforceable within the meaning of these presents in each and any of the following events :

- a. If the Company makes default in ensuring the full cover for public deposits as stipulated in Chapter II of these Directions.
- b. If the Company without the consent of the deposit holders ceases to carry on its business or indicates its intentions to do so.

- c. If an order has been passed by the Court of competent jurisdiction or a special resolution has been passed by the members of the Company for winding up of the company.
 - d. If the Company makes defaults in complying with the orders passed by Company Law Board or any other authority constituted under the Companies Act, 1956 directing the company to pay the amount to the deposit holders.
 - e. If in the opinion of the Trustees, the security of the deposit holders is in jeopardy.
9. As soon as the amount shall become payable and the security enforceable under the preceding clause 8 (and unless the time for payment and the security to be enforced has been expressly extended by the deposit holders by a resolution passed with simple majority), the Trustees shall take possession of the charged securities and shall forthwith take steps to realize the charged securities and distribute the amount to the deposit holders on pro rata basis.
10. Until the happening of any of the events mentioned in clauses No. 8 & 9 of this Indenture, the Trustees shall not in any manner interfere with the management of affairs of the said business except to the extent he may consider necessary for the preservation of the charged property or any part thereof or ensuring the full cover for deposits as indicated in Clause 8 (a) of these presents.
11. The Trustees shall apply the proceeds of such sale or other mode of realization in the following manner, that is to say, that the Trustees shall pay :
- a. In the first place all costs, charges and expenses in or about such sale or the performance or execution of trust or otherwise in relation to these presents or otherwise in respect of the security, including the remuneration of the trustee, if any.
 - b. Secondly, the amount then due and owing to deposit holders
 - c. And lastly, the surplus, if any, to the Company or its assignee.
- Provided that if the said money shall be insufficient to pay all such amounts in full, then the said amounts shall be paid rateably and without preference or priority

among all deposit holders according to the amount due in respect of the deposits held by them.

12. When all the amount secured by these presents been paid and satisfied, the Trustees shall forth with upon the request and at the cost of the Company and on being paid all the costs, charges and expenses properly incurred by the said Trustees in relation to the security, re-convey, reassign, release and surrender the charged securities or so much of the same as shall not have been sold or disposed of to the Company or its assigns.

13. The Company hereby covenants with the Trustees:

- a. That the moneys secured by this deed shall have the first charge on the charged securities
- b. That the Company shall keep the said charged securities and any part thereof with the specified bankers.
- c. That the Trustees will have a right to verify the charged securities at any time and the Company will give its full co-operation to the Trustees in this regard.
- d. The company shall file a copy of the return as prescribed by Department of Supervision, Reserve Bank of India to the Trustees.

14. The Company shall pay to the Trustees all legal, travelling and other costs, charges and expenses incurred by them in connection with execution of trust of these presents including costs, charges and expenses of and incidental to the approval and execution of these presents and all other documents affecting the security herein and will indemnify them against all actions, proceedings, costs, charges, expenses, claims and demands whatsoever which may arise or be brought or made against or incurred by him in respect of any matter or thing done or permitted to be done without their wilful default in respect of or in relation to the charged securities.

15. The Trustees of the deposit holders will execute and exercise all or any of the trusts power, authorities and discretion so vested in them by these presents in a

judicious and fair manner and will not be held responsible except for the breach of trust knowingly and intentionally committed by them.

16. In the event of winding up of the Trustees, another Trustee will be appointed having all the powers, authorities as stated under these presents and such appointment will be made by the board of directors of the Company.

17. The Trustees may by agreement with the directors of the Company modify the terms of this deed in any manner that may be necessary to meet any requirement or contingency, provided that they are satisfied that such modifications are in the interest of the deposit holders.

18. The Company hereby covenants with the Trustees that Company will at all times during the continuance of the security carry on and conduct its business in proper and efficient manner with due diligence and efficiency and will take all possible steps to keep the charged securities intact and will keep proper books of account as required under the Act and give all information to the said Trustees in relation to discharge of his duties under these presents.

19. The Company hereby further covenants with the Trustees that the Company shall duly perform and observe the obligations, hereby imposed upon it by this Trust.

IN WITNESS WHEREOF THE COMPANY has caused its common seal to be affixed to these presents and the Trustees have hereto set their hands the day and year above written.

Witnesses

Common Seal of the Company affixed in the
presence of

(Director)

(Director)

(Trustee)

(Trustee)

Annex II

Liquid Assets (Non-Banking Finance Companies) Trustees Guidelines

1. These Guidelines shall be called the Reserve Bank of India Guidelines for Trustees of deposit holders of the deposit taking NBFC.
2. No company / bank shall be entitled to act as a Trustee of deposit holders unless it is a Scheduled Commercial Bank or Limited company engaged in trust business with minimum capital of Rs 50 lakh and who are independent and have no relationship with the company its principal shareholders or Directors of the Company.
3. The duties of every trustee of deposit holders will be
 - (i) To execute the trust deed with the company for the protection of interest of the deposit holders.
 - (ii) To do the duties of the trustees as enshrined in the Trust Deed executed with the company.
 - (iii) To take possession of the property charged in accordance with the provisions of the trust deed.
 - (iv) Enforce security in the interest of deposit holders.
 - (v) To do such acts or as are necessary in the event the security becomes enforceable.
 - (vi) To carry out such acts as are necessary for the protection of interest of the depositors.
 - (vii) Ascertain and satisfy himself that the
 - a. The interest due on the deposits had been paid by the company on or before the due dates.
 - b. The deposit holders had been paid the monies due to them on the date of maturity of the deposit.

- c. Exercise due diligence to ensure compliance by the company of the provisions of the trust deed.
 - d. To take appropriate measures for protecting the interest of the deposit holders, as soon as any breach of the trust deed comes to the notice.
 - e. To inform the Reserve Bank of India as soon as any breach of the trust deed comes to his notice.
 - f. To communicate with the Regional Office of Reserve Bank, under whose jurisdiction the company is registered, on half yearly basis the compliance of trust deed by the company, defaults if any in payment of interest to the deposit holders and action taken.
4. The trustees for the deposit holders shall call or cause to be called by the company a meeting of all deposit holders.
- a. On a requisition in writing signed by at least 51% of the deposit holders in value for the time being outstanding.
 - b. The happening of any event which constitute a default for which in the opinion of the trustees the security of the deposit holders is in jeopardy.
- A report of such meeting may be forwarded to the Regional Office of the Reserve Bank of India, Department of Supervision under whose jurisdiction the company is registered.
5. The trustee may inspect books of account, records, register of the company and the trust property to the extent necessary for discharging his obligations with prior intimation to the Regional Office of Reserve Bank in whose jurisdiction the NBFC is registered.
6. The trustees for deposit holders shall not make untrue statement or suppress any material in any documents, reports, papers or information furnished to the Reserve Bank of India.
7. The trustee for deposit holders shall ensure that the Reserve Bank of India is promptly informed about any action, legal proceedings etc. initiated against him in

respect of any material breach or non-compliance by it, of any law, rules, directions of the Reserve Bank of India or of any other regulatory authority.'

8. The trustee for deposit holders shall not delegate any of his functions to any employee or agent. However, the trustee may employ employees, agents, Advocates or any other professional for any routine or clerical functions. In case the trustee employs any employee, he will be responsible for his / their acts or omissions in respect of the conduct of his / their business.