

Checklist for NBFC-MFI- Existing Companies

Name of the applicant Company :

Name of the Regional Office :

	Items to be Checked	Confirm	Page No.
1	Is the Application of the Company duly stamped		
2	Is the Application accompanied by the following :		
a.	Annexure I Is the Annexure duly signed by the Board authorized Director of the Company under company's stamp? Has the Documentary evidence on membership to at least one Credit Information Bureau/Company submitted? Has the Board passed a resolution that the company will be associated with at least one Self Regulatory Organization (SRO)?		
b.	Annexure II duly certified by the Auditor. Are the particulars/information furnished in Annexure II based on figures of latest annual audited balance sheet or a date not earlier than 30 days of date of application.		
c.	Annexure III as additional information for each of the Directors Are the DIN and PAN Nos indicated. Has the CIBIL data for all the directors been submitted? If there are any foreign nationals as Directors, are the equivalent of PAN No issued by the authorities of the country of residence such as Social Security No., Passport No. and overseas bankers' report on them furnished? Do the names and addresses on such documents tally with DIN allotment letter. If not, are the reasons for variation provided? Or are the claims of genuineness supported by a magistrate's certificate. Are the current and past directorships held by the Directors and also the names and activities of the companies/firms where they are holding substantial interest (indicate percentage exceeding 10%) mentioned in each of the Annexure III.		

	<p>Are the names of the regulators (RBI,SEBI,IRDA,PFRDA,NHB or any other foreign regulator) of the entities in which the Directors hold directorships mentioned? If yes, please provide the registration details.</p> <p>Are the entities unregulated? If so what is the nature of their activities?</p> <p>Financial Statements of Unincorporated Bodies,if any,in the group where the directors may be holding directorship with/without substantial interest of the last 2 years.</p>		
3	<p>Are any of the companies indicated against Item No. 15 of Annexure III, an NBFC registered with the Reserve Bank,?</p> <p>If yes, please provide the registration details.</p>		
4	<p>Is the CoR granted to the company to function as an NBFC enclosed in original?</p>		
5	<p>Has the applicant company changed its name earlier?</p> <p>If yes are the earlier held names and dates of change together with the names of Chief Executive Officer and Chairman at the time of change of name furnished?</p> <p>Has the applicant company furnished the reasoning for the change of name?</p>		
6	<p>Details of change in the management of the company during last financial year till date if any and reasons thereof.</p>		
7	<p>Has the applicant company ever defaulted in timely repayment of deposits and payment of interest?</p> <p>If yes, have they provided a list of all such pending cases and the action taken in respect of each case?</p>		
8	<p>Does the applicant company have any cases pending in any court including consumer forums?</p> <p>If yes, have they provided a list of such pending cases, including those pertaining to its deposit acceptance activities, if any?</p>		
9	<p>Are the certified and up-to date copy of the Memorandum of Association (MOA) and Articles of Association of the company submitted?</p> <p>Details of changes in the Memorandum and Articles of Association duly certified.</p> <p>Does the MOA of the applicant company have enabling clause/s</p>		

	for conducting MFI business by the company?								
10	Has the applicant company, if a public limited company, provided a certified copy of Certificate of Incorporation (bearing the signature of the Registrar of Companies) with the initial name & fresh certificate of incorporation consequent upon change of name of the Company?								
11	Has the applicant company provided a copy of the PAN/CIN Nos. allotted to the Company?								
12	Has the company submitted certified copies of the audited Balance Sheet & Profit and Loss Account for the last three years? If the company is incurring losses, are the steps to wipe out loss indicated?								
13	Has the applicant company raised unsecured loans, including from the Directors during the year? If yes, do these fall under the definition of public deposits as per Section 2(1)(xii) of the APD Directions, 1998?								
14	Does the company fulfill the Qualifying asset criteria criteria for registration? Are its qualifying assets (originated on or after January 1, 2012) not less than 85% of its net assets? (Board Resolution certifying the same is to be submitted) <i>(Qualifying assets and net assets have been defined in as specified in DNBS.CC.PD.No. 250/03.10.01/2011-12 dated December 2, 2011 and DNBS (PD) CC.No.300 /03.10.038/2012-13 dated August 3,2012)</i>								
15	If the company does not qualify as a MFI and still proposes to become one, has it provided a time bound action plan for qualifying as one?								
16	If the company does not meet the NOF requirement / minimum capital adequacy ratio as on the date of the last audited balance sheet has the applicant company provided a time bound action plan for compliance								
17	Please provide details of the loan asset profile as on the date of application certified by the Statutory Auditor in the following format along with annexure II:								
	<table border="1"> <thead> <tr> <th>Category</th> <th>No. Of accounts</th> <th>Amount outstanding</th> </tr> </thead> <tbody> <tr> <td>(1). Total Loans outstanding as on the date of application</td> <td></td> <td></td> </tr> </tbody> </table>	Category	No. Of accounts	Amount outstanding	(1). Total Loans outstanding as on the date of application				
Category	No. Of accounts	Amount outstanding							
(1). Total Loans outstanding as on the date of application									

	(i) Of the item (1). above, loans sanctioned on or after January 01, 2012 for amounts of Rs. 15, 000 and below				
	(i.i) Of the item at i. above, loans for tenure exceeding 1 year:				
	(ii) On the item (1). above, Loans sanctioned on or after January 01, 2012 with amount exceeding Rs. 15,000/-				
	(ii.i) for loans at item ii. above, loans for tenure less than 24 months				
	(iii) Loans extended towards income generation				
	(iv) Loans where the annual income of the household is (iv.i) more than Rs. 60,000 (for rural areas) (iv.ii) more than Rs. 1,20,000 (for semi urban and urban areas)				
	(v) where the borrower has borrowed from more than 2 MFIs				
	(vi) where the borrower is member of more than 1 SHG/JLG				
	(vii) where the borrower has availed loans in individual capacity as also as member of SHG/JLG				
18	<p>Does the applicant company hold FDI?</p> <p>If yes, has the FDI been brought in with FIPB approval? (Copy of approval to be submitted).</p> <p>What is the percentage holding?</p> <p>Has the company submitted FIRC and FC-GPR in support thereof?</p> <p>Does the company fulfill the minimum capitalization norms or not? (Statutory Auditor certificate to be submitted)</p>				

	<p>Is the foreign entity contributing the FDI subject to supervision in its home country?</p> <p>If yes, what is the name, address and email id of the regulator?</p> <p>If not, what is the legal status of the foreign investor? Under what statutes was it established? Is it a listed or an unlisted entity? Was any approval given by FED, RBI? If yes, a certified copy of the approval may be attached.</p> <p>Activities undertaken, details of regulator of group/associate companies doing financial activities which are regulated either in the home country or elsewhere, if any.</p> <p>If any group/ associate company is operating in India, details such as its activities, its partners or associates, regulator/s etc. may be furnished.</p>		
19	Whether the company was granted any permission by FED to function as Full-fledged Money Changers? If so, copy of the RBI letter granting the permission.		
20	Has the applicant company submitted a certified copy of Board Resolution approving the submission of application and its contents for COR as NBFC-MFI and also authorizing a Director to submit the application?		
22	Has the applicant company submitted a certified copy of the Board Resolution that the company has not accepted any public deposits in the past/ does not hold any public deposits as on date and will not accept the deposits in future without prior approval of the Bank?		
23	Has the applicant company submitted a copy of the board resolution certifying fixing internal exposure limits to avoid any undesirable concentration in specific geographical locations?		
24	Has the applicant company submitted a certified copy of the Board Resolution that the company is adhering to the other regulations regarding pricing of credit, Fair Practices in lending and non-coercive method of recovery as specified in DNBS.CC.PD.No.250/03.10.01/2011-12 dated December 2, 2011?		
25	<p>Has the company provided Board Resolution certifying the following details in addition to Annex II?</p> <p>A. Details of Average interest cost of borrowings of the NBFC-MFI as on March 31, 2011 and 2012.</p> <p>B. Average interest charged by the NBFC-MFI on advances extended as on March 31, 2011 and 2012</p> <p>C. Of the total loans outstanding as on the date of application, Number and amount of loans outstanding in the state of Andhra Pradesh as on March 31, 2012 (if any)</p>		

	D. Amount of provisions, if any, held against loans in the state of Andhra Pradesh as on March 31, 2012		
26	<p>Does the Auditors Certificate certify the following :</p> <p>(a) The company is not holding any public deposits as on date</p> <p>(b) The company's NOF is .</p> <p>(c) The company's asset size is .</p> <p>(d) The company's qualifying assets (originated on or after January 1,2012) is ... and its ratio to net assets is ...which is not less than 85 %.</p> <p>(e) The company's CRAR is</p> <p>(f) The company's loan portfolio in the state of Andhra Pradesh is</p> <p>g) The company has adopted the asset classification and provisioning norms with effect from April 1, 2012 as specified in DNBS.CC.PD.No.250/03.10.01/2011-12 dated December 2, 2011.</p> <p>h) The company fulfills all conditions stipulated to be classified as an NBFC-MFI during the current financial year as specified in DNBS.CC.PD.No.250/03.10.01/2011-12 dated December 2, 2011.</p>		
27	Has the applicant company given a declaration to the effect that it is capable of electronic submission of Returns through the internet as and when required by Reserve Bank of India? Has the email of the company been provided?		
28	Have all the Directors of the applicant company given a declaration individually that they are not associated with un-incorporated bodies and that they are in compliance to the provisions of Section 45S of the RBI Act, 1934?		
29	<p>Is the Application accompanied by a certificate by a Chartered Accountant on the details including percentage shareholding of group/associate/subsidiary/holding/related companies?</p> <p><i>(“Companies in the group” have been exhaustively defined in para 3(1) b of Notification No. DNBS.(PD) 219/CGM (US)-2011 dated January 05, 2011 as 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% and above.)</i></p> <p>Do the details include names of the company, their activity, their regulators?</p> <p>If they are unregulated, have the details of their activities,</p>		

	<p>provided?</p> <p>Are the names of the above companies/entities appearing in the balance sheet of the applicant company? If not, has the applicant company stated the reasons thereof?</p> <p>Is there any group companies located overseas?</p> <p>If yes, were these established under general permission route or under approval from appropriate authority?</p> <p>Are there any NBFCs from among the group companies?</p>		
30	<p>Are there any other NBFC-MFIs/pending NBFC-MFIs in the group?</p> <p>If yes, has the applicant company provided any justification in having another NBFC-MFI within the Group?</p>		
31	<p>Has the applicant Banker's report in r/o applicant company been furnished?</p>		
32	<p>Has the company furnished the Bankers' Report in r/o companies in which the Directors of the applicant company have substantial interest as indicated against Items Nos. 14 & 15 of Annexure –III?</p>		
33	<p>Has the company submitted Bankers' Reports in r/o group/subsidiary/holding companies if any, of the applicant company?</p>		
34	<p>Has the company submitted overseas Bankers' Reports in r/o foreign directors, if any?</p>		
35	<p>Has the applicant company submitted the Business Plan for the next three years giving details of its thrust of business, market segment & projected balance sheets, Cash flow statement, asset/income pattern statement without any element of public deposits</p>		
36	<p>The Projected business plan for 3 years must indicate the following as well(year wise):</p> <ol style="list-style-type: none"> i. Amount of loan assets to be originated ii. Amount of loan assets to be extended for income generation iii. Break up of amount of assets to be originated in rural areas and semi-urban and urban areas iv. Activities the company intends to support in rural and semi-urban areas and urban areas v. Projected profits 		

	vi. Average cost of borrowings vii. Average Return on Assets(ROA) viii. Qualifying Assets is more than 85% of the Net Assets. ix. Expected capital expenditure in a. land and buildings and b. IT resources x. Locations where the company intends to operate xi. Allocation of resources to training and skill development of SHGs/JLGs		
37	Is the number of directorships held by the company in compliance with Sections 274 - 278 of the Companies Act? If not, give detailed reasons for the same.		
38	Is the company or its Directors involved in any criminal case including Section 138 of Negotiable Instruments Act?		
39	Has the company provided details of infusion of capital if any during last financial year together with the copy of return of allotment filed with Registrar of Companies?		
40	Does the company fulfill the provisioning norms? For the companies having an exposure to the Andhra Pradesh portfolio, the provisioning should be as per the current provisioning norms. However, for the calculation of CRAR, the provisioning made towards AP portfolio shall be notionally reckoned as part of NOF and there shall be progressive reduction in such recognition of the provisions for AP portfolio equally over a period of 5 years. (Please refer to Instructions - Annex II (13) for further clarification)		
41	Are there are any incidents of non-compliance with the directions of Revenue Authorities or any other statutory authority by the applicant company, its holding company/ subsidiaries, If yes, give particulars, else report "Nil"		

Note: (1) The Above Checklist is indicative and not exhaustive. Bank can,if necessary, call for any further documents to satisfy themselves on the eligibility for obtaining registration as NBFC-MFI.

(2) In the event of the Bank calling for further documents in addition to those mentioned above, the applicant company is supposed to respond within a stipulated time of one month failing which the request for conversion may be returned to the company for resubmission afresh with the required information/documents.