

Inspection Report (An Illustrative format)

- Report on the inspection of Saral Home Finance Limited (Position as on 31-03-2021)\* undertaken in terms of provisions of the National Housing Bank Act, 1987, with reference to its position as on March 31 2023 and March 31 2022
- Amount quoted are in rupees crore, unless specifically stated, otherwise.
- Inspection Team to make specific comment/observation against each point and may add additional point with table or chart or both as enclosure, if required.
- Documentary evidence should be provided by the inspection team to support each observation.

## II. Executive summary

| (A) Inspection Details |  |                                |      |        |
|------------------------|--|--------------------------------|------|--------|
|                        | Inspection carried out at  | RO/CO/HO/AO   Branches/Offices |      |        |
| A.2.1                  | Date/s of inspection -<br>RO/CO/HO/AO                              | a                              | c    |        |
|                        |  | b                              | d    |        |
| A.2.2                  | Date/s of inspection -<br>Branches/Offices                         | aaa                            | xzsc | fdbgfb |
|                        |  |                                |      |        |
|                        |  |                                |      |        |
| A.3.1                  | Name of PIO and IOs -<br>RO/CO/HO/AO                               | test                           |      |        |
| A.3.2                  | Name of PIO and IOs -<br>Branches/Offices                          |                                |      |        |
| A.4.1                  | Addresses, where<br>Inspections were<br>undertaken-<br>RO/CO/HO/AO |                                |      |        |

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| A.4.2 | Addresses, where Inspections were undertaken - Branches/Offices   |  |
| B.1   | Name of HFC   |  |
| B.2   | Address – Registered Office (RO)  |  |
| B.3   | Address – Corporate Office (CO)   |  |
| B.4   | Corporate Identification No   |  |
| B.5   | Date of incorporation   |  |
| B.6   | Date of commencement of business, if any  |  |
| B.7   | Number, Date and Type (with/ without permission to accept public deposits) of Certificate of Registration issued by NHB |  |
| B.8   | Status (Government/ Public/ Private/Others)   |  |
| B.9   | Promoter/s  |  |
| B.10  | Listed on Stock Exchange (SE), and names of SE along with last traded price and 52 weeks high and low, if listed        |  |

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| B.11     | No. of Branches and Offices, including Representative Offices abroad (States/UTs/ Country-wise)     |  |
| B.12     | Name of Subsidiaries/Group Companies/Associate Cos.   |  |
| B.13     | Name of other Company/ Institution, which has influence on the Company                              |  |
| B.14     | Date of last audited accounts   |  |
| B.15     | Name, Address and Contact Details of Statutory Auditors along with Membership No.                   |  |
| B.16     | Continuance of the Statutory Auditors, since when. Rotation of partner or Firm or Co., if any.      |  |
| B.17     | Instrument-wise Credit Ratings, including any change in the ratings during the year under reference |  |
| B.18.1.1 | Net Owned Funds - Reported - 29A of NHB Act, 1987   |  |

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| B.18.1.2   | Net Owned Funds ,Reported, NBFC–HFC (Reserve Bank) Directions, 2021  |  |
| B.18.2.1   | Net Owned Funds ,Assessed , 29A of NHB Act, 1987                     |  |
| B.18.2.2   | Net Owned Funds ,Assessed , NBFC–HFC (Reserve Bank) Directions, 2021 |  |
| B.19.1     | Capital Adequacy Ratio (%) , Reported                                |  |
| B.19.2     | Capital Adequacy Ratio (%). Assessed                                 |  |
| B.20       | Borrowings Outstanding   |  |
| B.20A.1    | Domestic Borrowings , Public Deposits , SECURED                      |  |
| B.20A.2    | Domestic Borrowings , Public Deposits , UNSECURED                    |  |
| B.20A.2    | Domestic Borrowings , Deposits/ICDs, SECURED                         |  |
| B.20A.2 .2 | Domestic Borrowings, Deposits/ICDs , UNSECURED                       |  |
| B.20A.3 .1 | Domestic Borrowings , Non-convertible debentures, Secured            |  |

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|---------------|--|--|
| B.20A.3<br>.2 | Domestic Borrowings ,<br>Non-convertible<br>debentures , UNSecured |  |
| B.20A.4<br>.1 | Domestic Borrowings,<br>Borrowings-NHB , Secured                   |  |
| B.20A.4<br>.1 | Domestic Borrowings,<br>Borrowings-NHB ,<br>UNSecured              |  |
| B.20A.5<br>.1 | Domestic Borrowings,<br>Borrowings-Banks & FIs ,<br>Secured        |  |
| B.20A.5<br>.2 | Domestic Borrowings,<br>Borrowings-Banks & FIs ,<br>UNSecured      |  |
| B.20A.6<br>.1 | Domestic Borrowings,<br>Other – pl. Specify ,<br>Secured           |  |
| B.20A.7<br>.2 | Domestic<br>Borrowings,Other – pl.<br>Specify, Unsecured           |  |
| B.20B.1       | External Borrowings , Pl.<br>specify                               |  |
| B.21.1.1      | Main Activities of HFC ,<br>Housing Loans ,Amount<br>o/s           |  |
| B.21.1.2      | Main Activities of HFC ,<br>Housing Loans ,% of total<br>assets    |  |

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| B.21.2.1 | Main Activities of HFC ,<br>Non-Housing Loans ,<br>Amount o/s        |  |
| B.21.2.2 | Main Activities of HFC ,<br>Non-Housing Loans , % of<br>total assets |  |
| B.21.3.1 | Main Activities of HFC<br>.Investments , Amount o/s                  |  |
| B,21.3.2 | Main Activities of HFC<br>.Investments ,% of total<br>assets         |  |
| B.21.4.1 | Main Activities of HFC<br>,Others- Pl. specify ,<br>Amount o/s       |  |
| B.21.4.2 | Main Activities of<br>HFC,Others- Pl. specify, %<br>of total assets  |  |
| B.21.5.1 | Main Activities of HFC ,<br>Total Assets , Amount o/s                |  |
| B.21.5.2 | Main Activities of HFC ,<br>Total Assets,% of total<br>assets        |  |
| B.22.1.1 | Loan Assets Outstanding<br>,Standard ,Housing                        |  |
| B.22.1.2 | Loan Assets Outstanding<br>,Standard , Non-Housing                   |  |
| B.22.2.1 | Loan Assets Outstanding<br>,Non-Performing Assets<br>,Housing -      |  |

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| B.22.2.2 | Loan Assets Outstanding<br>,Non-Performing Assets<br>,NON-Housing -                 |  |
| B.22.2.1 | Loan Assets Outstanding<br>,Non-Performing Assets -<br>Sub-standard- Housing        |  |
| B.22.2.1 | Loan Assets Outstanding<br>,Non-Performing Assets -<br>Sub-standard-Non-<br>Housing |  |
| B.22.2.2 | Loan Assets Outstanding<br>,Non-Performing Assets -<br>Doubtful-I -Housing          |  |
| B.22.2.2 | Loan Assets Outstanding<br>,Non-Performing Assets -<br>Doubtful-I -Non-Housing      |  |
| B.22.2.3 | Loan Assets Outstanding<br>,Non-Performing Assets -<br>Doubtful-II -Housing         |  |
| B.22.2.3 | Loan Assets Outstanding<br>,Non-Performing Assets -<br>Doubtful-II -Non-Housing     |  |
| B.22.2.4 | Loan Assets Outstanding<br>,Non-Performing Assets -<br>Doubtful-III -Housing        |  |
| B.22.2.4 | Loan Assets Outstanding<br>,Non-Performing Assets -<br>Doubtful-III -Non-Housing    |  |

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|----------------|---|--|
| B.22.2.5<br>.1 | Loan Assets Outstanding<br>,Non-Performing Assets -<br>Loss -Housing      |  |
| B.22.2.5<br>.2 | Loan Assets Outstanding<br>,Non-Performing Assets -<br>Loss - Non-Housing |  |
| B.22.3.1       | Provisions for Standard<br>Assets, HOUSING                                |  |
| B.22.3.2       | Provisions for Standard<br>Assets , NON HOUSING                           |  |
| B.22.4.1       | Provisions for NPAs<br>HOUSING  |  |
| B.22.4.2       | Provisions for NPAs , NON<br>HOUSING                                      |  |
| B.22.5.1       | Gross NPA to Total Loans<br>& Advances (%)-<br>HOUSING                    |  |
| B.22.5.2       | Gross NPA to Total Loans<br>& Advances (%)- NON<br>HOUSING                |  |
| B.22.6.1       | Net NPA to Net Loans &<br>Advances (%) - HOUSING                          |  |
| B.22.6.2       | Net NPA to Net Loans &<br>Advances (%)- NON<br>HOUSING                    |  |
| B.23.A.<br>1   | Investments ,29B of NHB<br>Act, 1987                                      |  |
| B.23A.2        | Investments - others  |  |



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| B.23B.1 | Investments ,Diminution, if any, 29B of NHB Act, 1987            |  |
| B.23B.2 | Investments - others   |  |
| B.23C.1 | Provisions , 29B of NHB Act, 1987                                |  |
| B.23C.2 | Provisions - OTHERS  |  |
| B.24.1  | Profitability and Return, 29B of NHB Act, 1987                   |  |
| B.24.2  | Profitability and Return - others                                |  |
| B.24A.1 | Profit After Tax (Loss) ,29B of NHB Act, 1987                    |  |
| B.24A.2 | Profit After Tax (Loss) - OTHERS                                 |  |
| B.24B.1 | Dividend declared during the year, Rupees                        |  |
| B.24B.2 | Dividend declared during the year,% of face value                |  |
| B.24C   | Return on Total Assets (%)                                       |  |
| B.24D   | Net Interest Margin (%)  |  |
| B.25    | Positive developments observed since last inspection, if any     |  |
| C.3     | Overall Supervisory Rating Awarded by Inspection Team            |  |
| C.4     | Registration: To be retained / To be considered for cancellation |  |

| Name of the Housing Finance Company: Saral Home Finance Limited (Position as on 31-03-2021)* |                     |                       |
|--|---------------------|-----------------------|
| SrNo   | Relevant provisions | Observation, in brief |
| 1  | 2.69                | Finding 1             |
| 2  | 3                   | test                  |

## II. Capital Adequacy

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| 1 | Authorised, Issued, Subscribed and Paid-up Equity Capital and details of change/s, if any, during the year   |  |
| 2 | Share application money/warrants, if outstanding and then the period of outstanding  |  |
| 3 | Items other than Paid-up Equity Capital which form part of Share Capital (like Compulsorily Convertible Preference Shares) and included as Tier I                      |  |
| 4 | Composition and shareholding pattern of Paid-up Equity Capital (Promoters & Group Companies/Relatives, Body Corporates, Individual Public, Foreign institutions, etc.) |  |

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| 5   | Shareholders holding 5% or more in equity shares of the Company.   |  |
| 5.1 | Whether any prior written permission of RBI obtained [Para 45]   |  |
| 5.2 | Whether any takeover or acquisition of control has taken place [Para 45.1]   |  |
| 5.3 | Whether any change in the shareholding has taken place [Para 45.2]   |  |
| 5.4 | Whether more than 30% change in their directors has taken place [Para 45.3]  |  |
| 5.5 | Whether intimated NHB regarding any change in their director/management [para 45.3]  |  |
| 6   | Composition of Reserves [para 4.1.15] - Free and Other Reserves, separately - [Including computation of Impairment Reserve as per RBI format - Para 3.1.7 - Annex I] |  |

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| 7    | Compliance with Section 29C of the National Housing Bank Act, 1987 and withdrawals during the year under review, if any [Para 113] |  |
| 8    | Compliance with other provisions on Reserves, including creation of DTL [Para 101.2], etc.   |  |
| 9    | Net Owned Funds (NOF)  |  |
| 9.A  | As per provisions of Section 29A (7) of the NHB Act, 1987  |  |
| 9.B  | As per the Directions, 2021 [Para 4.1.25, 4.1.28 & 4.1.36]   |  |
| 9.C  | Trend Analysis of NOF of last three Year   |  |
| 10   | Tier-II Capital [Para 4.1.37 & 6.1]  |  |
| 11   | Assessed Capital Funds [Tier-I + Tier-II] - [Para 4.1.36 & 37] & [3.1.7 - Annex I]   |  |
| 11.A | Assessed Capital Funds Tier-I  |  |
| 11.B | Assessed Capital Funds Tier-II   |  |

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| 12   | Total Risk Weighted Assets/ Exposure [12A+12B]  |  |
| 12.1 | Adjusted value of funded risk assets i.e. on-balance sheet items [Para 6.2]   |  |
| 12.2 | Adjusted value of non-funded and off-balance sheet items [Para 6.3]   |  |
| 13   | Capital to Risk Weighted Assets Ratio (CRAR)/ Adequacy Ratio (CAR) [13A+13B to be ? 15%] [Para 6.1]                                     |  |
| 13.1 | Percentage of Tier-I to Total Risk Weighted Assets/ Exposure [should not be   |  |
| 13.2 | Percentage of Tier-II to Total Risk Weighted Assets/ Exposure [should not exceed 1.25%  |  |
| 14   | Capital Adequacy and Capital Planning   |  |
| 15   | Borrowing powers approved in the General Meeting, and adherence to prescribed regulatory ceiling under the Directions, 2021 [Para 27.2] |  |

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| 16   | Outstanding borrowings - Overall view on composition, extent of dependence, security coverage, incremental cost and cumulative cost  |                                 |
| 16.1 | Domestic and Foreign   |                                 |
| 16.2 | Regulated and Exempted   |                                 |
| 16.3 | Secured and Unsecured  |                                 |
| 16.4 | NHB Refinance exposure to outstanding borrowing  |                                 |
| 16.5 | External Commercial Borrowings and necessary permission / approval for the same  |                                 |
| 17   | Compliances on Public Deposits [Para 4.1.30], including manuals and processes in place, records keeping & maintenance of registers, cost of deposits, maturity profile, trend in renewal, etc. |                                 |
| 18   | NRI deposits, whether RBI permission was in place (wherever required)  | fsd<br><br>fsd<br><br>Finding 1 |
| 19   | Compliance with provisions of Directions on Public Deposits relating to  |                                 |

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| 19.1   | Restriction on acceptance of deposits [Para 27]                                      |  |
| 19.1.1 | Compliance with all prudential norms   |  |
| 19.1.2 | Outstanding public deposits ? 3xNOF  |  |
| 19.1.3 | Requisite Credit Rating  |  |
| 19.1.4 | Downgrading of Credit Rating, if any   |  |
| 19.2   | Scheme-wise period of deposits [Para 28]   |  |
| 19.3   | Joint deposit [Para 32]  |  |
| 19.4   | Particulars to be specified in application form soliciting public deposits [Para 34] |  |
| 19.5   | Introduction of depositors, including KYC compliances                                |  |
| 19.6   | Furnishing of receipts to depositors [Para 37]                                       |  |
| 19.7   | Register of deposits [Para 38]   |  |
| 19.8   | Information to be included in the Board's Report [para 44]                           |  |

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| 19.9  | Ceiling on the rate of interest & brokerage and Deposits from Non-Resident Indians [Para 29], Payment of interest on overdue public deposits [Para 30]                         |  |
| 19.10 | General provisions regarding repayment of deposits - compliance with minimum lock-in period, premature withdrawals, loan against deposits, non-repayment of deposits [Para 36] |  |
| 19.11 | Renewal of public deposits before maturity [Para 31]   |  |
| 19.12 | Safe custody of approved securities, including prior approval to be obtained from NHB for maintenance [Para 40]  |  |
| 19.13 | Creation of floating charge in favour of the depositors, and whether adequately covered [Para 42.2]  |  |
| 19.14 | Employee Security deposit [Para 41]  |  |



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| 19.15 | Advertisements, Statement in lieu of advertisement, and Advertisement in Electronic Media [Para 35]  |  |
| 19.16 | Full cover for public deposits [para 42.1]   |  |
| 20    | Comments on public deposits claimed but yet to be paid, unclaimed and unpaid, disputed, frozen/seized, unclaimed and unpaid for more than 7 years, amount transferred to IEPF, GOI Closure of branches [para 39] |  |
| 21    | Closure of branches [Para 39]  |  |
| 21.1  | Prior advertisement in national and vernacular newspapers,   |  |
| 21.2  | Prior intimation to NHB i.e. before ninety days of the proposed closure  |  |
| 21.3  | Intimation to NHB along with a copy of the notice within 7 days of its publication in the newspaper  |  |

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| 22    | Compliance with issuance of Non-Convertible Debentures and compliance with Chapter XI of Directions, 2021 |  |
| 22.1  | Purpose of issue [Para 57]  |  |
| 22.2  | Eligibility to issue  |  |
| 22.3  | Rating requirement [Para 59]  |  |
| 22.4  | Maturity [Para 58]  |  |
| 22.5  | No. of investors and minimum amount of subscription [Para 60]   |  |
| 22.6  | Limit and amt. of issue [Para 61]   |  |
| 22.7  | Conditions for issue [Para 62]  |  |
| 22.8  | Procedure for issuance [Para 63]  |  |
| 22.9  | Debenture Trustee [Para 64]   |  |
| 22.10 | Security Cover [Para 65]  |  |
| 22.11 | Dematerialisation [Para 66]   |  |
| 22.12 | Loans against Debentures [Para 67]  |  |
| 22.13 | Boards Reporting [Para 68]  |  |

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|-----|--|--|
| 23A | Three years Trend Analysis of Liabilities based on INS03-CBS   |  |
| 23B | Solvency i.e. Total outside liabilities (Current and non-current) and realisable value of the assets of the Company and real & exchangeable value of Companys paid-up capital and reserves   |  |
| 24  | Comments on non-funds based activities like Guarantees, issue management, underwriting, portfolio management, lease/ hire purchase syndicated, loans/ ICDs syndicated, bills brokered, property related services, insurance business mobilized, other fee based activities, etc. |  |
| 25  | Comments on other contingent liabilities and commitments, if any   |  |

### **III. Asset Quality**

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| 1  | Cash handling and management - Holding, Insurance Coverage, Security Arrangements   |  |
| 2  | Maintenance of bank accounts and the periodicity of reconciliation  |  |
| 3  | Outstanding Assets - Overall view on composition, extent of growth, security coverage, incremental cost and cumulative cost         |  |
| 4A | Three year Trend Analysis of Assets based on INS03-CBS which inter-alia include comments on significant growth in B/S size, if any. |  |

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| 4B | <p>Analysis of major components of assets - housing loans, non-housing loans, investments, fixed assets (net), lease/rental assets, current assets (net of intangibles) which inter-alia includes % O/s HL and NHL constitute to Total Assets (Net of Intangible) and comments thereon, if % O/s HL low / has declining trend or % O/s NHL high / has increasing trend.</p> |  |
| 5  | <p>Loan/ credit Policy , manual Business processes and delegation in place - due- diligence, Underwriting, Approvals , Disbursements, policy deficiency/gaps and on adequacy of the policy with the companies size of operations and risk Appetit.</p>  |  |
| 6  | <p>Book value of major components of loan assets</p>  |  |
| 6A | <p>Non-current and Current</p>  |  |
| 6B | <p>Secured and Unsecured</p>  |  |

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| 6C | Standard (SMA0; SMA1; SMA2) and NPAs   |  |
| 7  | Asset Classification - General as well as on Migration Analysis, Segregation by the System or Manual, Overdue based on days or EMIs, Application of Seasoning Period or Pending Overdues |  |
| 7A | Standard Assets- Normal [Para 8.3.1] & [3.1.7 - Annex I]   |  |
| 7B | Standard Assets- Teaser/Special Rates [Para 8.3.1] & [3.1.7 - Annex I]   |  |
| 7C | Sub-standard Assets [Para 8.3.2] & [3.1.7 - Annex I]   |  |
| 7D | Doubtful Assets (upto 1 year, 1 to 3 years, and >3 years) [Para 8.3.3] & [3.1.7 - Annex I]   |  |
| 7E | Loss Assets [Para 8.3.4 and 8.3.5] & [3.1.7 - Annex I]   |  |

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| 8   | Divergence/s in asset classification and provisioning requirement thereon between classification by the Company and the assessment by IO on requirement |  |
| 8.1 | Wrong classification of assets/ ICDs  |  |
| 8.2 | Restructuring of assets   |  |
| 8.3 | Loans exceeding/ without approval of statutory authorities  |  |
| 8.4 | Quick mortality accounts through recycling, etc.  |  |
| 8.5 | Camouflaging/ ever-greening of NPAs by granting additional amount, etc. and year-end acquisition of assets resulting in sudden spurt in advances        |  |
| 8.6 | Accounts causing concern<br>- Extent of accounts which are standard but cause concern, potential NPAs, problem accounts, etc.                           |  |
| 8.7 | Others  |  |

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| 9    | Recovery Policy on Outstanding and Collections - Implementation and Effectiveness  |  |
| 10   | Trend analysis of the profile and movements of NPAs which inter-alia include comments on growth in NPAs, if any.   |  |
| 11   | Recovery efforts and collection efficiency on Standard Accounts and NPAs to avoid slippages, including of reversal of dues in the loan accounts, in which cheque bounced |  |
| 11.1 | Normal way   |  |
| 11.2 | Through re-schedulement  |  |
| 11.3 | Through OTS  |  |
| 11.4 | Through Write-off  |  |
| 11.5 | Through SARFAESI Process   |  |
| 11.6 | Through Court Case   |  |
| 11.7 | Through Compromise Settlements   |  |
| 12   | Management of recovery through SARFAESI processes and follow up action thereon   |  |



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| 13   | Management of recovery through suit filed accounts and follow up action thereon  |  |
| 14   | Accuracy of reclassification of Assets and effectiveness of Migration Analysis   |  |
| 15   | Critical observation on Credit norms in relation to both individual (Residents/ non-residents) and non-individual (domestic/ foreign) loans          |  |
| 15.1 | Application of Credit Appraisal Norms - Dedupe (CIBIL, CERSAI, NHB/Internal advices), LTV, IIR, rating and pricing of loans                          |  |
| 15.2 | System due diligence process followed  |  |
| 15.3 | System of sanctions and disbursements, delegation and adherence to such authority and actions taken in case of transgressions, if any to individuals |  |

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| 15.4 | System of credit sanctions, delegations, adherence in case of pre-approved projects, including risk mitigants available to avoid double financing  |  |
| 15.5 | System of technical appraisals, including adherence to sanctioned/approved plan and adoption of NDMA guidelines [Para 87 & 107]  |  |
| 15.6 | Quality of legal examination of the security and incidence of undue delay affecting the sanction of credit, etc.   |  |
| 15.7 | System and quality of documentation, follow up (where necessary), credit supervision including post sanction/ disbursal and effectiveness of control exercised by controlling authorities, management oversight. |  |
| 15.8 | Scope, adequacy and independence of audit and loan review functions  |  |

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| 15.9  | Loan Asset verification and its review including maturity profile of it at periodic intervals, particularly in the case of project/ builder loans |  |
| 15.10 | Streamlining of cash-flows and Management of Escrow accounts, particularly in the case of project/ builder loans                                  |  |
| 15.11 | Review/ renewal of the credit facilities/ limits sanctioned and compliance thereof  |  |
| 15.12 | Takeover of accounts, extension of facilities to defaulters, conversion of Non-Fund Based to Fund Based due to devolvement/ invocation, etc.      |  |
| 15.14 | Loans against security of shares [Para 3.1.3]   |  |
| 15.15 | Loans against security of single product - gold jewellery [Para 3.1.4]  |  |
| 15.16 | Policy on demand/call loans [Para 13]   |  |
| 15.17 | Policy relating to off-balance sheet exposures  |  |

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| 15.18 | Restructured accounts-<br>assessment of<br>restructuring of accounts-<br>rationale and reasonability-<br>impact on asset<br>classification/provision  |  |
| 15.19 | Moratorium on Loan Book,<br>if any, vis-à-vis NPA<br>Recognition  |  |
| 15.20 | Adequacy and correctness<br>of reporting credit data and<br>default statistics to credit<br>information companies   |  |
| 16    | Compliance with prudential<br>norm in relation to<br>maintenance of Loan to<br>Value (LTV) ratio, and<br>linking multiple loans<br>disbursed on single<br>property for LTV eligibility<br>and assignment of risk<br>weights [Para 19] |  |
| 17    | Assignment/ Securitization<br>of assets, [Master<br>Direction - RBI<br>(Securitization of Standard<br>Assets) Directions, 2021]   |  |

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| 18   | Size and composition of overall investments (both non-current and current) and significant changes, if any   |  |
| 18.1 | Liquid Assets u/s 29B, if any  |  |
| 18.2 | others   |  |
| 19   | Review and implementation of investment policy and conformity of individual investment transactions to the policy, including classification, valuation, depreciation, etc. [Para 11] |  |
| 20   | Half-yearly review of Investment portfolio and placement of outcomes before the board or committee of board.   |  |
| 21   | Comments on investments not yielding any income  |  |
| 22   | Comments on exposures to unquoted investments and compliance with the regulatory requirements  |  |

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| 23 | Any divergence in relation to investment classification, valuation, accounting, income recognition and provisioning for depreciation and contingencies with reference to prudential norms |  |
| 24 | Income / Loss from trading in securities - unusual features observed in sale/ purchase of securities and transactions routed through brokers  |  |
| 25 | Empanelment of brokers [Para 24]  |  |
| 26 | Application of control and system such as Concurrent Audit, separation of front, mid and back offices, MIS reporting to CEO/MD, Board review process on breach of limit                   |  |

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|-----|--|--|
| 27  | Maintenance of fixed asset register, unusual features observed in acquisition of premises and other fixed assets, charging of depreciation.            |  |
| 28  | Disposal of land or buildings acquired in satisfaction of debts [Para 22]  |  |
| 29  | Other assets including intangible assets, concerns regarding assets taken on lease/rental, disposal of assets acquired in satisfaction of claims, etc. |  |
| 30  | Steps taken by the Company for improving asset quality and their effectiveness   |  |
| 30A | Investment in Land or Buildings [Para 22]  |  |
| 30B | Exposure to Capital Market [Para 23]   |  |
| 30C | Broker-wise total transaction limit [Para 24]  |  |
| 31  | Adherence to Exposure Norms  |  |

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|-----|--|--|
| 31A | Investment in Land or Buildings [Para 22]  |  |
| 31B | Exposure to Capital Market [Para 23]   |  |
| 31C | Broker-wise total transaction limit [Para 24]  |  |
| 32  | Concentration of Credit/ Investment [Para 20] and dispersal of risk-compliance with prudential exposures to borrower/ borrowers group and any particular geographical sector/s. Director/s related advances- secured & unsecured |  |
| 33  | Maintenance of Liquid Assets under Section 29B   |  |
| 32A | Unencumbered approve securities  |  |
| 32B | Term/Certificate of Deposits (free of charge or lien) with Scheduled Bank or deposits with NHB or subscription of bonds issued by NHB  |  |



|      |   |  |
|------|---|--|
| 34.1 | Loan Product involving servicing of the loan dues by the builder/developers etc. on behalf of the borrower. (Interest subvention scheme or any other similar scheme)<br>[Para 88] |  |
| 34.2 | Disbursement of housing loan to individuals linked to the stages of construction<br>[Para 88]   |  |
| 35   | Compliance with Principal Business Criteria [Para 4.1.17 & 5.3] Reported :<br>Assessed : The assessment should be in the NHB prescribe format only.                               |  |
| 36   | Transfer of Loan Exposure by HFCs / Sale of Loan assets [Master Direction - RBI (Transfer of Loan Exposure) Directions, 2021]   |  |

#### **IV. Management**

|   |  |  |
|---|--|--|
| 1 | Group if any, to which Company belongs |  |
|---|--|--|

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|-------|---|--|
| 1A    | Related party transactions and input on parent company/group companies  |  |
| 2     | Affinity to any particular company/ Firm/ HUF/ individuals, which are outside the technical definition of the group but likely to have impact on its business |  |
| 3     | Acquisition or transfer of control during the period under review   |  |
| 3.1   | any takeover or acquisition of control of an HFC [Para 45.1]  |  |
| 3.1.2 | change in the shareholding [Para 45.2]  |  |
| 3.1.3 | Change in Management/ Directors [Para 45.3]   |  |
| 3.2   | Prior Public Notice about change in control/ management [Para 47]   |  |
| 4     | Control exercised by holding company on HFC, if any and its maintenance of arms length distance   |  |
| 5     | HFCs Arms-length relationship with related party  |  |

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| 6   | Control exercised by the HFC on management of its subsidiary/ies, if any. and its maintenance of arms length distance   |  |
| 7   | Constitution and composition of Board of Directors and its Committees (including number of Executive/ Nominee/ Independent/Women Directors, Adherence to fit and proper criteria, Corporate Governance practices, etc.)                                 |  |
| 8   | Board of Directors and its Committees Meetings (Adequacy and effectiveness of Board/ Committee Meetings including number meetings held, attendance, Corporate Governance practices, roles & delegations, quality of agenda placed on policy/review/MIS) |  |
| 8.1 | Role, delegation & oversight  |  |
| 8.2 | Action taken review   |  |

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|-----|---|--|
| 8.3 | Approval/Review/Information placed before Board/ Committees on Business/HR/ IT/Audit plans, budget; asset quality, resource mgt. incl. liquidity mgt., interest rate decisions on liabilities and assets, risk mgt., audits, Information Technology & Security, KYC & AML implementation; |  |
| 8.4 | Review note on Customer services, transparency & disclosures (ex. MITC), grievance redressal system in place;   |  |
| 8.5 | Review note on outsourcing, frauds and disasters (Business Continuity Plan and Disaster Recovery Site & Drill) to mitigate risks  |  |
| 9   | Constitution of Audit Committee and its effectiveness [Para 50.1]   |  |
| 10  | Constitution and composition Other Committees -   |  |

|      |  |  |
|------|--|--|
| 10.1 | Adequacy and effectiveness of Committee Meetings including roles & delegations, number meetings held, attendance, governance practices, quality of agenda placed on policy/ review/MIS |  |
| 10.2 | ALCO and its effectiveness [Para 3.1.1 & Annex I]  |  |
| 10.3 | Risk Management Committee and its effectiveness [Para 50.3]  |  |
| 10.4 | Appointment of Chief Risk Officer [Para 51]  |  |
| 10.5 | Customer Service & Grievance Redressal Committees and their effectiveness [Para 19.5 & 78]   |  |
| 11   | Professional qualifications & experience of Chairman/ MD/ CEO and other key managerial persons in place, their functioning, effectiveness, and succession planning                     |  |

|      |   |  |
|------|---|--|
| 12   | Professional qualifications & experience of other senior executives in place, their functioning, effectiveness, and succession planning   |  |
| 13   | Overall management performance and its adequacy (Vision, Mission, Market Focus, Strategies, Plans, Products, Performance Vs. Target/Budget, adequacy of Risk/Audit/IT/HR Management framework and MIS flow, in place and their effectiveness and review |  |
| 14   | Compliances and adherence to time limits prescribed in respect of Regulations, Orders, Information/Payment, Delay/ Default, Inspection and Other Observations, Inconsistency in Reporting   |  |
| 14.1 | Unfavourable/ Qualified Statement from the Statutory Auditors [Chapter XII)   |  |

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|------|--|--|
| 14.2 | Delay in submission of returns/ information;   |  |
| 14.3 | Warning/Caution Letters  |  |
| 14.4 | Show-cause Notices   |  |
| 14.5 | Penalties  |  |
| 14.6 | Pending Observations - Inspection and Others   |  |
| 14.7 | % of non-compliances and % of compliances found non-sustainable  |  |
| 15   | Transparency and disclosures to various stakeholders, including authorities and regulators, depositors, borrowers, employees, etc. |  |
| 15.1 | Mandatory [Paras 14, 15, 16, 34, 35, 44, 53.2 & 3.1.7 (Annex i) and other applicable Directions/Guidelines etc.]                   |  |
| 15.2 | Voluntary  |  |
| 16   | Adoption of Corporate Social Responsibility Policy, Committee, and its implementation  |  |

## **V. Earnings**

|         |   |        |
|---------|---|--------|
| 1       | Comments on the income & expenditure of the Company |        |
| 1.1     | Fund based income                                   |        |
| 1.2     | Non-fund based income                               |        |
| 1.3     | Other income - extraordinary items                  |        |
| 1.4     | Yield on Deployment–                                | Select |
| 1.4.1.1 | Overall ,Amount                                     |        |
| 1.4.1.2 | Overall, %  |        |
| 1.4.2.1 | Loans & Advances, Amount                            |        |
| 1.4.2.2 | Loans & Advances, %                                 |        |
| 1.4.3.1 | Others, Amount                                      |        |
| 1.4.3.2 | Others, %   |        |
| 1.5     | Income from Loans & Advances –                      | Select |
| 1.5.1.1 | Overall ,Amount                                     |        |
| 1.5.1.2 | Overall, %  |        |
| 1.5.2.1 | Housing Loans, Amount                               |        |
| 1.5.2.2 | Housing Loans , %                                   |        |
| 1.5.3.1 | Others, Amount                                      |        |
| 1.5.3.2 | Others, %   |        |
| 1.6     | Return on Investments –                             | Select |
| 1.6.1.1 | Overall ,Amount                                     |        |
| 1.6.1.2 | Overall, %  |        |
| 1.6.2.1 | Liquid Assets, Amount                               |        |



|         |  |          |
|---------|--|----------|
| 1.6.2.2 | Liquid Assets , %  |          |
| 1.6.3.1 | Others, Amount   |          |
| 1.6.3.2 | Others, %  |          |
| 1.7     | Cost of Funds –  | Earnings |
| 1.7.1.1 | Deposits, Amount   |          |
| 1.7.1.2 | Deposits, %  |          |
| 1.7.2.1 | NCDs, Amount   |          |
| 1.7.2.2 | NCDs, %  |          |
| 1.7.3.1 | Bank Borrowings, Amount  |          |
| 1.7.3.2 | Bank Borrowings, %   |          |
| 1.7.4   | NHB's Refinance  |          |
| 1.7.4.1 | NHB's Refinance, Amount  |          |
| 1.7.4.2 | NHB's Refinance, %   |          |
| 1.7.5.1 | Others, Amount   |          |
| 1.7.5.2 | Others, %  |          |
| 1.8     | Spread, Amount   |          |
| 1.8     | Spread,, %   |          |
| 1.9     | Ageing of debts, Amount  |          |
| 1.9     | Ageing of debts, %   |          |
| 1.10    | Write-offs, Amount   |          |
| 1.10    | Write-offs, %  |          |
| 1.11    | Write back of provisions on account of improved recovery, Amount |          |
| 1.11    | Write back of provisions on account of improved recovery, %      |          |

|      |  |  |
|------|--|--|
| 1.12 | Large donations, if any,<br>Amount   |  |
| 1.12 | Large donations, if any, %   |  |
| 1.13 | Cost control measures and<br>their effectiveness •   |  |
| 1.14 | Three year Trend Analysis<br>of Income & Expenditure<br>(INS02-FSS)                            |  |
| 1A   | Dividend declared by the<br>Company in compliance of<br>the Guidelines [Para<br>4.1.12A & 18A] |  |
| 2    | Impact on Earnings – •   |  |
| 2.1  | · Interest rate movement   |  |
| 2.2  | · Trading in securities  |  |
| 2.3  | · Financial performance of<br>subsidiaries on net profit                                       |  |
| 2.4  | · Extra-ordinary income/<br>expenditure, non-recurring<br>events                               |  |
| 2.5  | · Favourable/Unfavourable<br>Tax Effects   |  |
| 2.6  | · Securitization   |  |
| 2.7  | · Consultancy<br>Arrangements  |  |
| 2.8  | · Distribution of insurance<br>products, mutual fund<br>products, etc.                         |  |

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|-----|---|--|
| 3   | Comments on profit planning •   |  |
| 4   | Provisioning Requirement and shortfall observed, if any [Para 12] & [3.1.7]   |  |
| 5   | Income Recognition [Para 9, 10] & [3.1.7]   |  |
| 6   | Accounting for Investments [Para 11] & [3.1.7]  |  |
| 7   | Net Interest Margin (NIM) - Current Vs. Previous Year - with Comments including specific comments on decline therein, if any. |  |
| 8   | Ratios [3.1.7] viz. Return on Assets and Return on Equity and reasons for changes between last and this FY, including •       |  |
| 8.1 | · Higher/Lower Loss provisions (Loan/ Investment)   |  |
| 8.2 | · Higher/Lower Operating Costs (Cost to Income Ratio)   |  |
| 8.3 | · Higher/Lower income on one time transactions  |  |
| 8.4 | · Improvement / deterioration in NIM  |  |

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|------|--|--|
| 8.5  | · Interest Income from housing loans to Average loans & advances |  |
| 8.6  | · Gross Income to Average total assets                           |  |
| 8.7  | · Financial cost to Average borrowings                           |  |
| 8.8  | · Interest Coverage Ratio  |  |
| 8.9  | · Cost Income Ratio  |  |
| 8.10 | • Debt Equity Ratio  |  |
| 8.11 | · Operating expenses to Average total assets                     |  |
| 8.12 | • Profit after tax (PAT) to Average total assets                 |  |
| 8.13 | · Dividend pay-out Ratio<br>[Para 4.1.12A & 18A]                 |  |
| 8.14 | Rate of accretion to Net worth                                   |  |

## **VI. Liquidity**

|       |   |  |
|-------|---|--|
| 1     | Liquidity Risk Management Policy, Strategy and Practices [3.1.1 & Annex I - Guidelines on Liquidity Risk Management Framework (LRM)] Board Approved LRM Framework having Key Elements such as Governance of Liquidity Risk Management, Board level monitoring, Risk Management Committee, Constitution, functioning and effectiveness of ALCO & ALCO Support Group and its effectively implementation |  |
| 1.1   | Governance of Liquidity Risk Management   |  |
| 1.1.1 | Integration of basic operations and strategic decision-making with risk management  |  |
| 1.1.2 | Board oversee the Strategy, Policies, and Procedures of the Company to manage liquidity risk in accordance with the liquidity risk tolerance/limit decided by it.   |  |

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| 1.1.3   | Risk Management Committee:  |  |
| 1.1.3.1 | Reporting of RMC to the Board of the Company  |  |
| 1.1.3.2 | Presence of CEO/MD and head of the various Risk vertical in RMC   |  |
| 1.1.4   | Asset-Liability Management Committee (ALCO):  |  |
| 1.1.4.1 | oversees of implementation of LRM Strategy;   |  |
| 1.1.4.2 | ensuring adherence to the Risk Tolerance/limits set by the Board,   |  |
| 1.1.4.3 | head of the committee should be CEO/MD or Executive Director,   |  |
| 1.1.4.4 | have Chief of Investment, Credit, Resource Management & Planning, Fund management /Treasury (Forex and domestic), Economic Research as its member |  |
| 1.1.4.5 | oversees the liquidity position of branches   |  |

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| 1.1.4.6 | decides on maturity profile, mix of incremental assets and liabilities, sale of Assets as a source of funding,                                     |  |
| 1.1.5   | Asset Liability Management (ALM) Support Group:  |  |
| 1.1.5.1 | Analyse & monitor the liquidity risk profile   |  |
| 1.1.5.2 | Reporting post analysis to ALCO  |  |
| 1.1.6   | Liquidity risk Tolerance:  |  |
| 1.1.6.1 | a process is in place for identifying, measuring, monitoring and controlling liquidity risk and effectiveness of implementation of same.           |  |
| 1.1.6.2 | An appropriate liquidity risk tolerance limit has been clearly articulated as per companies business strategy by senior management as per process. |  |
| 1.1.6.3 | the strategy to manage liquidity risk in accordance with such risk tolerance is in place.  |  |

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| 1.1.7   | Liquidity Cost, Benefit and Risk in the Internal Pricing:   |  |
| 1.1.7.1 | a process is in place to quantify liquidity costs and benefits of the same  |  |
| 1.1.7.2 | These aspects incorporated in the internal product pricing, performance measurement and new product approval process                      |  |
| 1.1.8   | Off Balance Sheet Exposure and Contingent Liabilities:  |  |
| 1.1.8.1 | process for projecting Cash flows arising from such off-balance sheet items over an appropriate set of time horizons is in place.         |  |
| 1.1.8.2 | LRM Framework clearly articulated process of identifying, measuring, monitoring and controlling liquidity risk in respect of these items. |  |
| 1.1.9   | Funding Strategy:   |  |



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| 1.1.9.1  | It is part of LRM and is in place having effective diversification in source and tenor of funding is part of Funding Strategy, i.e. there should not be over-reliance on a single source of funding. |  |
| 1.1.9.2  | concentrated behavioural analysis of deposit withdrawal is part of Funding Strategy for public deposit accepting HFC.  |  |
| 1.1.10   | Collateral Position Management: mechanism of differentiating assets between encumbered and unencumbered assets and management of mobilising those in a timely manner is in place                     |  |
| 1.1.11   | Stress Testing:  |  |
| 1.1.11.1 | stress testing conducted on a regular basis for a variety of short term and market-wide stress scenarios (Individually and in combination).  |  |

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| 1.1.11.2 | scenarios should include nature of Companys business activities and vulnerabilities.   |  |
| 1.1.12   | Contingency Funding Plan (CFP):  |  |
| 1.1.12.1 | Contingency Funding Plan is in place for responding to severe disruptions which might affect the NBFCs ability to fund some or all of its activities in a timely manner and at a reasonable cost.  |  |
| 1.1.12.2 | It contains details of available/ potential contingency funding sources, amount/ estimated amount which can be drawn from these sources , clear escalation / prioritization procedures detailing when and how each of action can and should be activate , and lead time needed to tap additional funds from each of the contingency sources. |  |

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| 1.1.13   | Public Disclosures: Public disclosure made on following by the Company:  |  |
| 1.1.13.1 | Liquidity Risk detailing funding concentration based on significant counterparty (both deposits & borrowings), |  |
| 1.1.13.2 | Top 20 large deposits,   |  |
| 1.1.13.3 | Top 10 borrowings (amount & % to total amount),  |  |
| 1.1.13.4 | Funding concentration based on significant instrument/product,   |  |
| 1.1.13.5 | Stock Ratios   |  |
| 1.1.13.6 | Institutional set-up for liquidity risk management   |  |
| 1.1.14   | Intra Group transfers: If there are Intra-Group transactions and exposures (ITEs);                             |  |
| 1.1.14.1 | Appointment of Group Chief Financial officer (CFO)   |  |

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| 1.1.14.2 | liquidity management process, funding programmes consistent with the complexity, risk profile and scope of operations of the Companies in the Group in place and look after by the Group CFO   |  |
| 1.1.14.3 | Group Liquidity Risk Management processes and funding programmes have taken into account lending, investment, and other activity and ensure that adequate liquidity maintained at the head and each constituent entity within the group. |  |
| 2        | Management Information System (MIS) on liquidity position [3.1.1 & Annex I - Guidelines on Liquidity Risk Management Framework]  |  |

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| 2.1 | MIS is in place and it provides timely & forward-looking information on the liquidity position of HFC and Group to the Board and ALCO both under normal and stress situation |  |
| 2.2 | all sources of liquidity risk including contingent risks part of MIS and furnish more granular and time-sensitive information during stress events                           |  |
| 2.3 | Application and Use of behaviour analysis on assets, liabilities and off-balance sheet items.  |  |
| 3   | Internal Controls for adherence to liquidity risk management policies and procedure [3.1.1 & Annex I - Guidelines on Liquidity Risk Management Framework]                    |  |
| 4   | Comments on prudence in raising resources and their deployment   |  |
| 4.1 | Adherence to defining the proper time buckets  |  |

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|-----|---|--|
| 4.2 | Adherence to limits prescribed for different time buckets - Liquidity Risk                    |  |
| 4.3 | Adherence to limits prescribed on cumulative basis - Liquidity Risk                           |  |
| 4.4 | Adherence to other limits set by the respective Board - Liquidity Risk and Interest Rate Risk |  |
| 4.5 | Reporting on breach of limits to the Board for ratification                                   |  |
| 4.6 | Manner of raising funds in the current year vis-à-vis the previous year                       |  |
| 4.7 | Reliance on interest sensitive/ high cost funds and frequency and level of borrowings, if any |  |
| 5   | Maturity mismatches based on ALM returns - structural and dynamic liquidity statements        |  |

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| 6   | <p>Liquidity Risk</p> <p>Measurement: Adherence of Stock Approach and Fixing of Internal tolerance limit by Board of HFCs for critical ratios (e.g. Short term liability to total assets; short-term liability to long term assets; commercial papers to total assets; non-convertible debentures (NCDs)(original maturity of less than one year) to total assets; short-term, liabilities to total liabilities; long-term assets to total assets; etc.</p> |  |
| 7   | <p>Management of Currency Risk</p>  |  |
| 8   | <p>Liquidity Management</p>   |  |
| 8.1 | <p>Liquidity of the company in terms of holding liquid assets, maturity mismatch of funds/ cash flows (actual vis-à-vis projections) and access to institutional credits</p>  |  |

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| 8.2 | Liquid assets holding vis-à-vis potential claims on liquidity (in terms of composition of deposits/liabilities, reliance on few depositors, undrawn credit lines, etc.) |  |
| 8.3 | Assessment of funding strategy  |  |
| 9   | Management of Interest Rate Risk  |  |
| 9.1 | Adherence of Gap or mismatch risk is measured by calculation Gaps over different time intervals as per guidelines   |  |
| 9.2 | Fixing of prudential limits on individual gaps with approval of board / management committee.   |  |
| 9.3 | Adherence to prudential limits set on individual gaps with approval of board /management committee.   |  |
| 9.4 | Empirical and behavioural analysis to estimate future behaviour of assets, liabilities and off-balance sheet items to changes in market variables.                      |  |



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| 9.5  | Implementation of Transfer Pricing System to facilitate effective control and management of interest rate risk.           |  |
| 10   | Assets assumed to be liquid by the HFC but which really are not   |  |
| 11   | Reasons for lack of adequate liquidity, if any, and the strategy and efforts made by the Company on liquidity management  |  |
| 12   | Liquidity risk assessment   |  |
| 12.1 | General control for managing liquidity risk - Policy for funding liquidity risk - Policy for market liquidity risk        |  |
| 12.2 | Trend of compliance vis-à-vis HFC's liquidity policy  |  |
| 12.3 | System in place for managing short term liquidity   |  |
| 13   | Risk arising out of financing floating rate assets with fixed rate liabilities, and the risk mitigants available with HFC |  |

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| 14   | Risk arising out of pre-payments and the risk mitigants available with HFC  |  |
| 15   | Decisions on Interest rate revision made by HFC   |  |
| 16   | Internal Guidelines on LCR and coverage of all aspects as stipulated in LCR Guidelines and adherence thereof<br>Applicability of Liquidity Coverage Ratio (LCR) [Para 3.1.2 of Directions, 2021]  |  |
| 16.1 | Correctness of determined "High Quality Liquid Assets (HQLA)". There should not be double count items in determination of LCR, i.e., if an asset is included as part of the "stock of HQLA" (i.e., the numerator), the associated cash inflows cannot also be counted as cash inflows (i.e., part of the denominator), any such event observed. |  |

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| 16.2 | Any event of lower LCR than prescribed level during the period under review (Stress Situation) and reporting of the same to RBI.   |  |
| 16.3 | Periodically monetization of a proportion of assets through repo or outright sale to test the saleability of these assets and to minimize the risk of negative signalling during period of stress.               |  |
| 16.4 | Disclosure on LCR and HQLA Component (Quarterly and Annually in Annual Report of all 4 quarters); Disclosure of sufficient qualitative discussion (in their annual financial statements under Notes to Accounts) |  |

## **VII. System Control**

|   |  |  |
|---|--|--|
| 1 | Rules, Regulations, Policies, Manuals, Delegations, etc. in place for reference and adherence by various functionaries/employees of the Company and their effectiveness, including the system of review by the Board       |  |
| 2 | End to end system implemented for income recognition, asset classification, provisioning, assignment of risk weights to comply with prudential norms; and the oversight and controls in existence for review and adherence |  |

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| 3  | Adequacy of Audit System in place, commensurate to its business (Audit Policy and Plan approved by the Audit Committee/Board including scope, coverage, periodicity, Frequency and Coverage of all functions, quality of observations, risk parameterisation/categorisation, availability of Risk-Register, branches and offices, Exception reporting, Follow-up on Compliances, repeat observations, closure and review) |  |
| 3A | Statutory Audit   |  |
| 3B | Risk Based Internal Audit or Internal Audit and its Independency i.e. no conflicting Role in assurance function.  |  |
| 3C | Credit Audit, if any  |  |
| 3D | Concurrent Audit , if any   |  |
| 3E | Information Security Audit  |  |
| 3F | Secretarial Audit, if any   |  |

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| 4  | Adequacy of Information Technology (IT) system in place to take care of its business [Para 3.1.10- Master Direction- Information Technology Framework for the NBFC sector dated June 08, 2017] |  |
| 4A | IT Policy and its review   |  |
| 4B | Coverage and extent of computerization   |  |
| 4C | Hardware, Software and Network Management  |  |
| 4D | Website and On-line Services Management  |  |
| 4E | Availability of IT Personnel   |  |
| 4F | Backup Facility Arrangement  |  |
| 4G | Information & Network Security   |  |
| 4H | Efficacy of MIS  |  |
| 4I | System for upgrading the Software and Patch Management   |  |
| 4J | Data Centre and Disaster Recovery Site Management and its trigger time   |  |

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| 4K | Implementation of electronic mode of settlement [Para 97.1]  |  |
| 5  | Adequacy of Risk Management System and its effectiveness (Risk Management Policy, Committee, Structure, Review and Oversight, Assessment, Mitigants, Exposure Limits & Adherence, in place |  |
| 5A | Credit Risk  |  |
| 5B | Market Risk  |  |
| 5C | Operational Risk (People Risk, System Risk, Legal Risk, Outsourcing Risk)  |  |
| 5D | Outsourced activities of the Company, and Control & Contingency Plan in existence  |  |
| 6  | Implementation of KYC and AML Processes [Master Direction-KYC Direction, 2016]   |  |
| 6A | Board approved guidelines in place and its annual review   |  |
| 6B | Reporting & Reviewing by the Audit Committee   |  |

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| 6C | Examining the KYC & AML records by the Internal Audit, Review and Reporting        |  |
| 6D | Appointment of Principal Officer (PO) and Designated Director                      |  |
| 6E | Registration with FIU IND and on-line filing of CTRs and STRs                      |  |
| 6F | Processes in place for Customer Identification and Acceptance                      |  |
| 6G | Ongoing monitoring by PO and frequency of such monitoring                          |  |
| 6H | Periodical Review of Risk Categorization of Customers and frequency of such review |  |
| 6I | Customer Awareness Measures undertaken   |  |
| 6J | Training on KYC & AML, provided to Front Office and other Staff                    |  |
| 6K | Documentation Policy and Preservation of Records                                   |  |



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|----|--|--|
| 7  | Implementation of Fair Practices Code (FPC), Most Important Terms & Conditions (MITC), & Grievance Redressal Mechanism (GRM) [Chapter XIII, Annex XII etc of Directions, 2021] |  |
| 7A | Board approved FPC, MITC and GRM in place and their periodical review  |  |
| 7B | Reporting & Reviewing by the Board   |  |
| 7C | Examination of records by the Internal Audit, Review and Reporting to Board/ Audit Committee   |  |
| 7D | FPC/MITC/GRM/Escalation to NHB processes implemented - Display, Privacy & Confidentiality Clause Maintenance, Complaint Register at branches/offices                           |  |
| 7E | Appointment of Grievance Redressal Officer (GRO) and GRM escalation matrix, in place   |  |
| 7F | Complaints Analysis & Review   |  |

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| 8   | Implementation of Model Code of Conduct for DSAs, if any [Para 82.7 and Annex X of Directions 2021]                                    |  |
| 9   | Implementation of Guidelines for Recovery Agents engaged by HFCs [Annex XI of Directions 2021]   |  |
| 10  | Implementation of Business Continuity Plan, and the machinery in place   |  |
| 11  | Frauds_ [Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016]   |  |
| 11A | Official of the rank of General Manager or equivalent who will be responsible for submitting all the returns to the Bank and reporting |  |
| 11B | Timely Identification, Classification, timely Reporting-FMR-1  |  |
| 11C | Report on Frauds Outstanding - Quarterly Return (FMR-2 &3) submission  |  |

|      |  |  |
|------|--|--|
| 11D  | Frauds committed by unscrupulous borrowers   |  |
| 11E  | Case of Attempted fraud  |  |
| 11F  | Fraud case involving ?1 Crore and above  |  |
| 11G  | Reporting of Fraud & its details to the Board on detection   |  |
| 11H  | Quarterly and Annual Review of Fraud (comments on the parameters/main aspects/details to be covered in note placed to the Board as per the Directions) |  |
| 11I  | Reporting of Fraud to Police   |  |
| 11J  | prevention mechanism, like system for corrective action including removal of systemic deficiencies and examination of staff accountability             |  |
| 11 K | Closure of Fraud by HFCs as per Guidelines (comments on the prior approval obtained and all action are completed before closure as per the Directions) |  |

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|------|--|--|
| 12   | Systems and controls in place for ensuring good housekeeping - Balancing of books, long outstanding entries in nominal accounts (sundry/ suspense), if any |  |
| 13   | Any disquieting features observed in trial balances at different periods, if any   |  |
| 14   | Comments on the application of Accounting Standards  |  |
| 15   | Accounting of off-balance sheet items  |  |
| 15.1 | Undisbursed amount of housing/other loans  |  |
| 15.2 | Financial/Other Guarantees   |  |
| 15.3 | Securitization, Assignments, etc.  |  |
| 15.4 | Liquidity commitment for Securitization of Std. Assets   |  |
| 15.5 | Second loss credit enhancement   |  |
| 15.6 | Claims not acknowledged as debt  |  |
| 15.7 | Others, if any   |  |

|      |   |  |
|------|---|--|
| 16   | Other business activities undertaken and their risk exposure on company, if any |  |
| 16.1 | Leasing/ Rental   |  |
| 16.2 | Hire purchase   |  |
| 16.3 | Distribution of Insurance Product/s   |  |
| 16.4 | Distribution of Mutual Fund Product/s   |  |
| 16.5 | Others, if any  |  |

Annexures:

- 1.Acknowledgement on the Directives issued to the Company;
- 2.Pre-inspection scrutiny report
- 3.NOF& CRAR for the period under review, in case of assessment is different from reported;
- 4.Brief on Management Discussion/ Presentation having the acknowledgement from the company;
- 5.Ratio Analysis;
- 6.Supervisory Rating awarded by the Team, along with calculation details (including Excel File);
- 7.Annex I and II as mentioned in the Inspection letter issued to PIO;
- 8.Report on Risk based elements under STEP-UP CAMELS approach Annex III
- 9.Others. (Documentary Evidence of the Observations in the Report)

Note: The inspection team to ensure that all the Annexures as stated above have been furnished to Department of Supervision along with a special note on any matter, it may like to amplify and draw attention.

Date:

Place:

Signature of Inspecting Officials

Name IO

Name IO

Name IO

Name IO

Name PIO