

# Year-end compliances for NBFCs for FY ending March 31, 2022

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Abbreviations	Full form	Links
NBFC NDSI Directions	Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016	<a href="https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10586">https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10586</a>
CA, 2013	Companies Act, 2013	<a href="https://www.mca.gov.in/content/mca/global/en/acts-rules/ebooks/acts.html?act=NTk2MQ==">https://www.mca.gov.in/content/mca/global/en/acts-rules/ebooks/acts.html?act=NTk2MQ==</a>
KYC Directions	Master Direction - Know Your Customer (KYC) Direction, 2016	<a href="https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=11566">https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=11566</a>
IT Directions	Master Direction - Information Technology Framework for the NBFC Sector	<a href="https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10999">https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10999</a>
Fraud Reporting Directions	Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016.	<a href="https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10622">https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10622</a>
ECB Directions	Master Direction - External Commercial Borrowings, Trade Credits and Structured Obligations	<a href="https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=11510">https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=11510</a>

## Returns

Sr. No.	Source statute	Return Name	Description	Remarks	Frequency	Due Date	Applicability
1	Communicated to the entities through email intimation. Master Directions to be issued soon.	DNBS01- Important Financial Parameters - Quarterly	Financial details, viz. components of Assets and Liabilities, Profit and Loss account, Exposure to sensitive sectors etc. for NBFC-D and NBFC-NDSI.	Replacing NBS-1	Quarterly	15 days from end of quarter	NDSI
2	Communicated to the entities through email intimation. Master Directions to be issued soon.	DNBS02-Important Financial Parameters - Annual	Financials details like sources of funds, leverage ratio, components of assets and liabilities, details of income and expenses, NOF, details of exposure to sensitive sectors, details of foreign funds, sector-wise quality of assets, changes in ratings, shareholding pattern, details of Board of Directors, details of top 25 subscribers of debt instruments/CP, ICDs, borrowers, investments, NPAs, etc. details of group entities, and branches of the NBFC.	Replacing NBS-7	Annual	15 days from end of quarter	ND-NSI
3	Communicated to the entities through email intimation. Master Directions to be issued soon.	DNBS03-Important Prudential Parameters	Compliance with various prudential norms, e.g. Capital Adequacy, Asset classification, Provisioning, NOF etc.	Replacing NBS-2	Quarterly	15 days from end of quarter	NDSI
4	Communicated to the entities through email intimation. Master Directions to be issued soon.	DNBS04A- Short Term Dynamic Liquidity (STD L) - Quarterly	Details of mismatch in projected future cash inflows and outflows based on the business projections.	Replacing ALM Returns	Quarterly	15 days from end of quarter This has replaced returns in the master directions	NDSI, ND-NSI with asset size > 100 cr
5	Communicated to the entities through email intimation. Master Directions to be issued soon.	DNBS04B-Structural Liquidity & Interest Rate Sensitivity - Monthly	Details of - (i) Mismatch in projected future cash inflows and outflows based on the maturity pattern of assets and liabilities at the end of the reporting period for NBFCs-NDSI; (ii) Interest rate risk.	Replacing ALM Returns	Monthly	15 days from end of month	NDSI, ND-NSI with asset size > 100 cr
6	<a href="#">RBI Circular dated June 07, 2019 on Prudential Framework for Resolution of Stressed Assets</a>	DNBS08-CRILC Main Return - Quarterly	Credit information on aggregate exposure of > 5 Crore to single borrower.		Monthly	21 days from end of month	NDSI
7	<a href="#">RBI Circular dated June 07, 2019 on Prudential Framework for Resolution of Stressed Assets</a>	DNBS09-CRILC SMA Details	NBFC having aggregate exposure > 5 Crore to single borrower reported in SMA-2 for the day as and when account is classified (de-classified) as SMA-2		Event-based-Weekly	Weekly reporting every Friday in the Directions - here they say as and when	NDSI having aggregate exposure > 5 Crore to single borrower
8	Communicated to the entities through email intimation. Master Directions to be issued soon.	DNBS10-Statutory Auditor Certificate	To ensure continued regulatory compliance.		Annual	One month from finalisation of Balance sheet or December 31 whichever is earlier.	NDSI ND-NSI
9	Communicated to the entities through email intimation. Master Directions to be issued soon.	DNBS13-Overseas Investment Details	To capture details of overseas investment for all NBFCs having overseas investment.		Quarterly	15 days from end of quarter	NDSI ND-NSI
10	Monitoring of Fraud Directions read with RBI Circular dated February 18, 2022	Fraud Monitoring Return 1 (FMR1)	Details of the fraud committed by staff, outsiders or customers involving an amount of Rs 1 lakh or more		Event-based	As and when	NDSI
11	Monitoring of Fraud Directions read with RBI Circular dated February 18, 2022	Fraud Monitoring Return 3 (FMR3) – Quarterly	Updated information in respect of frauds reported through FMR-1		Quarterly	15 days from end of quarter	NDSI
12	RBI Circular dated February 18, 2022	Quarterly Return for Frauds less than ₹ 1 lakh – Quarterly	Unified FMR for below 1 lakh	FMR-2 to be discontinued from notified date (no date notified as of now)	Quarterly	Due date not specified	NDSI
13	Master Directions on NBFC Returns	Branch Information Return	Reach and geographical spread of NBFCs		Quarterly	15 days from end of quarter	NDSI
14	Master Directions on NBFC Returns	Certificate on compliance with FDI norms	Compliance with the stipulated minimum capitalization norms and that activities are restricted to the activities prescribed under FEMA.		Half-yearly	30 days from end of half-year	All NBFCs having FDI

Sr. No.	Source statute	Return Name	Description	Remarks	Frequency	Due Date	Applicability
<b>KYC Master Directions</b>							
15	Para 49 of the KYC Master Directions read with Rule 8 of the PMLA rules, 2005	Cash transaction report	1) Captures all cash transactions of the value of more than rupees ten lakhs or its equivalent in foreign currency and all series of cash transactions integrally connected to each other which have been individually valued below rupees ten lakh or its equivalent in foreign currency where such series of transactions have taken place within a month and the monthly aggregate exceeds an amount of ten lakh rupees or its equivalent 2) all cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine or where any forgery of a valuable security or a document has taken place facilitating the transactions		Monthly	15 days from end of month	NDSI ND-NSI
16	Para 49 of the KYC Master Directions read with Rule 8 of the PMLA rules, 2005	Suspicious transaction report	Captures STRs		Event-based	Within 7 days of happening of the transaction	NDSI ND-NSI
17	Para 52 of the KYC Directions	Details of accounts resembling to Al Qaeda list	Details of accounts which resemble sanction list		Event-based	At soonest opportunity	NDSI ND-NSI
18	Para 3 read with Para 56 of the KYC Directions'	Reporting to CKYCR	KYC records		Event-based	Within 10 days of commencement of an account-based relationship with the customer	NDSI ND-NSI
19	Para 57 read with Para 56 of the KYC Directions'	Reporting to FATCA	Reporting under Form 61B		As per Income Tax Guidelines	As per Income Tax Guidelines	All applicable NBFCs
<b>Miscellaneous</b>							
20	<a href="#">Para 11(a) of RBI Circular on Appointment of Internal Ombudsman by Non-Banking Financial Companies</a>	Reporting w.r.t Internal Ombudsman	Total number of complaints received, the number of partly or wholly rejected complaints and the number of complaints escalated to the IO,		Quarterly	Within 15 days from end of quarter	NBFCs-ND with asset size of Rs.5,000 crore and above and having public customer interface.
21	<a href="#">Para 11(b) of RBI Circular on Appointment of Internal Ombudsman by Non-Banking Financial Companies</a>	Reporting w.r.t Internal Ombudsman	Number of cases where the decision of IO has been rejected (with the approval of Managing Director/Chief Executive Officer)		Annual	15th of April	NBFCs-ND with asset size of Rs.5,000 crore and above and having public customer interface.
22	<a href="#">Para 11(b) of RBI Circular on Appointment of Internal Ombudsman by Non-Banking Financial Companies</a>	Reporting w.r.t Internal Ombudsman	Number of cases closed by the IO, and age-wise number of cases where the NBFC was yet to implement the decision of the IO		Annual	15th of April	NBFCs-ND with asset size of Rs.5,000 crore and above and having public customer interface.
23	<a href="#">Para 11(c) of of RBI Circular on Appointment of Internal Ombudsman by Non-Banking Financial Companies</a>	Reporting w.r.t Internal Ombudsman	1) Name of the Internal Ombudsman; 2) Details of the last position held/organization name; 3) Date and period of appointment; 4) Brief professional profile, including previous exposure to financial services; and 5) Contact details, i.e., address, phone/fax numbers, email address, etc.		Event-based	5 working days from date of appointment	NBFCs-ND with asset size of Rs.5,000 crore and above and having public customer interface.
24	Para 3.6 of the IT Master Directions	CSIR Form	Cyber incidents		Event-based	within 24 hours of the incident	NBFCs having asset size above Rs. 500 crore
25	Para 22 of NBFC NDSI Directions and Para 22(iii) of NBFC ND-NSI Directions	Loan against security of shares report	Report to stock exchanges for shares pledged in their favour	NBFCs accepting shares as security	Quarterly	Due date not specified, to be reported at the earliest	NDSI ND-NSI
26	Para 66 of NBFC NDSI Directions and para 61 of NBFC ND-NSI Directions	Acquisition/transfer of control	Change in shareholding/ ownership		Event-based	Prior approval	NDSI ND-NSI

Sr. No.	Source statute	Return Name	Description	Remarks	Frequency	Due Date	Applicability
27	<a href="#">Para 71 of NBFC NDSI Directions read with RBI Circular on Risk Management System – Appointment of Chief Risk Officer (CRO) for NBFCs dated May 16, 2019</a>	Reporting w.r.t CRO	Premature removal of CRO - should be reported to RBI and stock exchanges if it is listed		Event-based	Due date not specified, to be reported at the earliest	NBFCs with asset size of more than Rs.50 billion
28	Para 87 of NBFC NDSI Directions and para 73 of the NBFC ND-NSI Directions	FIMMDA Reporting	NBFCs undertaking secondary market transactions in corporate bonds done in OTC market				NDSI ND-NSI
29	<a href="#">RBI Circular on appointment of statutory auditor</a>	Eligibility of Statutory Auditor	Inform RBI about the appointment of SCAs/SAs for each year by way of a certificate in Form A.		Yearly	within one month	NBFCs with asset size of more than Rs. 1000 crore.  NBFC-NSIs have been specifically directed by the RBI to file the same

### Other intimations

Sr. No.	Clause Reference	Disclosure regarding	Particulars	Applicability
1	Para 3 of Fraud Reporting Directions	Frauds involving Rs. 1 crore and above	NBFCs shall report the fraud to RBI within a week of such frauds coming to notice. The letter shall contain specified particulars of the fraud.	NDSI
2	Para 6.3 of ECB Directions	Entities having ECB	Borrowers are required to report actual ECB transactions through Form ECB 2 Return through the AD Category I bank on monthly basis within seven working days from the close of month to which it relates. Changes, if any, in ECB parameters should also be incorporated in Form ECB 2 Return.	All NBFCs having ECB
3	<a href="#">RBI circular on Declaration of dividends by NBFCs dated June 24, 2021</a>	Dividend	Entities declaring dividend shall report details of dividend declared during the financial year as per the format prescribed in Annex 2. The report shall be furnished within a fortnight after declaration of dividend to RBI.	NBFC-D, NBFC-ND-SI
4	<a href="#">Para 3.3 of RBI Circular on Guidelines on appointment of Statutory Auditor dated April 27, 2021</a>	Appointment of Statutory Auditor	Intimation to be made to RBI about appointment of statutory auditor every year within 1 month from appointment.	NBFC-ND with asset size of above Rs. 1000 crores
5	<a href="#">Para 7.2 of RBI Circular on Guidelines on appointment of Statutory Auditor dated April 27, 2021</a>	Negligence/ lapse in responsibilities by the Statutory Audit	Any serious lapses/negligence in audit responsibilities or conduct issues on part of the statutory auditor or any other matter considered as relevant shall be reported to RBI within two months from completion of the annual audit. Such reports should be sent with the approval/recommendation of the Board/ACB/LMC, with the full details of the audit firm.	NBFC-ND with asset size of above Rs. 1000 crores

### Noting in minutes

Sr. No.	Clause Reference	Disclosure regarding	Particulars	Frequency	Remarks	Applicability
<b>Board</b>						
1	Para 32 of NBFC NDSI Directions and para 35 of NBFC NSI Directions	FPC	Review of compliance of the Fair Practices Code	Based on periodicity decided by the Board and laid down in FPC.  Atleast annually		NDSI ND-NSI
2	Para 32 of NBFC NDSI Directions and para 33 of NBFC NSI Directions	Grievance Redressal	Review of the functioning of the grievances redressal mechanism.	Based on periodicity decided by the Board and laid down in GRM.  Atleast annually		NDSI ND-NSI

Sr. No	Clause Reference	Disclosure regarding	Particulars	Frequency	Remarks	Applicability
3	Para 73(1)(i) of NBFC NDSI Directions and annex II of the NBFC ND-NSI Directions	Risk Management	Review of the progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the NBFC.	Based on periodicity decided by the Board and laid down in Risk Management Policy.  Atleast annually	For NBFC ND-NSI it has not been specifically mentioned however, Annex II provides that successful implementation of any risk management process has to emanate from the top management in the NBFC	NDSI ND-NSI
4	Para 73(1)(i) of NBFC-NDSI Directions	Corporate Governance	Review of conformity with corporate governance standards viz., in composition of various committees, their role and functions, periodicity of the meetings and compliance with coverage and review functions, etc.	Based on periodicity decided by the Board and laid down in the Internal Guidelines for Corporate Governance.  Atleast annually		NDSI
5	Para 5.2.1 of the Outsourcing Guidelines	Review of outsourcing arrangements and strategies	Undertaking regular review of outsourcing strategies and arrangements for their continued relevance, and safety and soundness.	Based on the periodicity decided in Outsourcing Policy.  At least annually		NDSI ND-NSI
6	Para 5.2.2 of the Outsourcing Guidelines	Material Outsourcing	Review of information pertaining to material outsourcing risks communicated by the senior management the Board.			NDSI ND-NSI
7	Para 5.9.2 of the Outsourcing Guidelines	Record of material outsourcing	A central record of all material outsourcing that is readily accessible for review by the Board and senior management of the NBFC shall be maintained. The records shall be updated promptly and half yearly reviews shall be placed before the Board or Risk Management Committee.	At least half-yearly	Board or RMC may review	NDSI ND-NSI
8	Para 5.9.4 of the Outsourcing Guidelines	Service providers of outsource function	NBFCs shall at least on an annual basis, review the financial and operational condition of the service provider to assess its ability to continue to meet its outsourcing obligations. Such due diligence reviews, which can be based on all available information about the service provider shall highlight any deterioration or breach in performance standards, confidentiality and security, and in business continuity preparedness.	Annual	May be done by the Board/ Audit Committee	NDSI ND-NSI
9	Para 5.6.4 of the Outsourcing Guidelines	Security breach by service providers	The NBFC shall review and monitor the security practices and control processes of the service provider on a regular basis and require the service provider to disclose security breaches.	Based on the periodicity decided in Outsourcing Policy.  At least annually	May be done by the Board/ Audit Committee	NDSI ND-NSI
10	Para 5A(b) (c) of the KYC Directions	Risk assessment of money laundering and terrorist financing risk	REs shall carry out 'Money Laundering (ML) and Terrorist Financing (TF) Risk Assessment' exercise periodically to identify take effective measures to mitigate its money laundering and terrorist financing risk.  1) The periodicity of risk assessment exercise shall be determined by the Board of the RE, in alignment with the outcome of the risk assessment exercise. <b>However, it should be reviewed at least annually.</b>  2) The outcome of the risk assessment exercise shall be put up to the Board or any committee of the Board to which power in this regard has been delegated.	Based on the periodicity decided in KYC and AML Policy.  At least annually	May be delegated to any Board Committee (usually Audit Committee/Risk Management Committee)	NDSI ND-NSI
11	Para 1.1 of IT Directions	Review of IT strategies	Deliberations of the IT Strategy Committee with respect to review of IT strategies, Board Policy reviews, cyber security arrangements and other matter related to IT Governance should be placed before the Board.		The Committee shall work in partnership with other Board committees and Senior Management to provide input to them.	NDSI
12	Para 3.7 of IT Directions	Awareness of cyber threats	Top Management and Board should also have a fair degree of awareness of the fine nuances of the threats and appropriate familiarisation may be organized.			NDSI
13	Para 3.9 of IT Directions	IT Risk Assessment	The risk assessment of IT Systems should be brought to the notice of the CRO, CIO and the Board.		Should also be placed before the IT Strategy Committee	NDSI

Sr. No	Clause Reference	Disclosure regarding	Particulars	Frequency	Remarks	Applicability
14	Para 5.5 of IT Directions	Reporting of IS Audit	Review of IS Audit Report by the Board or the Audit Committee. Simultaneously to be also placed before the IT Strategy Committee for its comments.		The periodicity of IS audit should ideally be based on the size and operations of the NBFC but may be conducted at least once in a year. IS Audit should be undertaken preferably prior to the statutory audit.	NDSI
15	Para 6 and 8 of IT Directions	Business Continuity Plan ('BCP')	The functioning of BCP shall be monitored by the Board by way of periodic reports. NBFCs shall test the BCP either annually or when significant IT or business changes take place to determine if the entity could be recovered to an acceptable level of business within the timeframe stated in the contingency plan. The results along with the gap analysis may be placed before the CIO and the Board. The GAP Analysis along with Board's insight should form the basis for construction of the updated BCP.			NDSI ND-NSI
16	Para 7.3 of IT Directions	Outsourcing of IT function	Review of the significant risks in outsourcing of the IT function communicated by the IT Strategy Committee on a periodic basis;		The Board and IT Strategy committee have the responsibility to institute an effective governance mechanism and risk management process for all IT outsourced operations.	NDSI
17	Para 8 of IT Directions	Overview of IT function by ND-NSI	1) IT function general overview 2) Review of the IT Policy			ND-NSI
18	Para 1, Chapter V of Fraud Reporting Directions	Details of Frauds	All frauds of ₹ 1 lakh and above shall be reported to the Board promptly on their detection.			NDSI
19	Para 2, Chapter V of Fraud Reporting Directions	Quarterly review of frauds	Information relating to frauds for the quarters ending March, June and September shall be placed before the Board of Directors during the month following the quarter to which it pertains. Should include supplementary material analysing statistical information and details of each fraud so that the Board would have adequate material to contribute effectively in regard to the punitive or preventive aspects of frauds.			NDSI
20	Para 3, Chapter V of Fraud Reporting Directions	Annual review of frauds	NBFCs should conduct an annual review of the frauds and place a note before the Board for information. The reviews for the year-ended December should be put up to the Board before the end of March the following year.		Review shall contain areas as specified.	NDSI
21	<a href="#">RBI Circular on Appointment of Internal Ombudsman by Non-Banking Financial Companies dated November 15, 2021</a>	Internal Ombudsman	In case the Internal Ombudsman overrules the decision of the NBFC to reject/partly reject the complaint, the NBFC can disagree with the decision of the IO with the approval of the Executive Director/Managing Director/Chief Executive Officer as may be applicable. All such cases shall be subsequently reviewed <b>on a quarterly basis</b> by the Board of the NBFC.			NBFCs-ND with asset size of Rs.5,000 crore and above and having public customer interface.
22			The Internal Ombudsman shall furnish periodic reports to the Board as may be specified by it, preferably at quarterly intervals, but not less than bi-annually.			
23	Para B1 of the RBI Circular on Risk Based Internal Audit dated February 03, 2021	Risk based internal audit (RBIA)	The Risk Based Internal Audit policy must be reviewed periodically.		Should be placed before the Audit Committee as well	NBFCs-ND with asset size of Rs.5,000 crore
24	Para B3 of the RBI Circular on Risk Based Internal Audit dated February 03, 2021		The Audit Committee/Board should review the performance of RBIA. The Audit Committee/ Board should formulate and maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The quality assurance program may include assessment of the internal audit function at least once in a year for adherence to the internal audit policy, objectives and expected outcomes.		RBIA framework to be implemented by March 31, 2022	NBFCs-ND with asset size of Rs.5,000 crore
25	Para C1 of the RBI Circular on Risk Based Internal Audit dated February 03, 2021		Review of status of RBIA placed by the senior management before the Board/ Audit Committee.			NBFCs-ND with asset size of Rs.5,000 crore
26	Para C3 of the RBI Circular on Risk Based Internal Audit dated February 03, 2021		A consolidated position of major risks faced by the organization shall be presented at least annually to the Audit Committee/ Board, based on inputs from all forms of audit.			NBFCs-ND with asset size of Rs.5,000 crore

Sr. No	Clause Reference	Disclosure regarding	Particulars	Frequency	Remarks	Applicability
27	Para DV of the RBI Circular on Risk Based Internal Audit dated February 03, 2021		The Head Internal Auditor shall directly report to either the Audt Committee/Board/ MD & CEO or WTD. If the Board allows the MD/ CEO/ WTD to be the 'Reporting authority', then the 'Reviewing authority' shall be the Audit Committee/Board and the 'Accepting authority' shall be the Board in matters of performance appraisal of the Head Internal Auditor. In such cases, the Audit Committee/Board shall meet the HIA at least once in a quarter, without the presence of the senior management (including the MD & CEO/WTD).			NBFCs-ND with asset size of Rs.5,000 crore
28	Para 13 of the RBI Circular on Risk Based Internal Audit dated February 03, 2021		All the pending high and medium risk paras and persisting irregularities should be reported to the ACB/Board in order to highlight key areas in which risk mitigation has not been undertaken despite risk identification.			NBFCs-ND with asset size of Rs.5,000 crore
29	Para 14 of the RBI Circular on Risk Based Internal Audit dated February 03, 2021		The internal audit function should have a system to monitor compliance to the observations made by internal audit. Status of compliance should be an integral part of reporting to the ACB/Board.			NBFCs-ND with asset size of Rs.5,000 crore
30	Para 7.2 of RBI Circular on Guidelines on appointment of Statutory Auditor dated April 27, 2021	Performance of auditor	The Board/Audit Committee shall review the performance of statutory auditor on an annual basis.			NBFC-ND with asset size of above Rs. 1000 crores
31	Para 7.2 of RBI Circular on Guidelines on appointment of Statutory Auditor dated April 27, 2021	Eligibility criteria of the auditor	Since the NBFC is to intimate RBI on the fulfilment of the eligibility criteria by the statutory auditor each year during the tenure, the eligibility of the auditor shall be assessed by the Board/ Audit Committee each year			NBFC-ND with asset size of above Rs. 1000 crores
32	-	Policy review	Review of relevant policies	The Board may decide the frequency		NDSI ND-NSI
<b>Audit Committee</b>						
33	Para 70(1)(ii) of NBFC-NDSI Master Directions	IS Audit	Ensure that an Information System Audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by the NBFC			NDSI
34	Para 70(1)(i) of NBFC-NDSI Master Directions	Powers and functions under the Companies Act	The Audit Committee formed under the RBI Directions shall have same powers, functions and duties as laid down in section 177 of the Companies Act. Therefore, the Audit Committee will have to ensure the following in a year - 1)Recommendation for appointment, remuneration and terms of appointment of auditors 2) Review and monitor the auditor's independence and performance, and effectiveness of audit process 3) Examination of the financial statement and the auditors' report thereon 4) Approval or any subsequent modification of transactions of the company with related parties 5) Scrutiny of inter-corporate loans and investments 6) Valuation of undertakings or assets of the company, wherever it is necessary 7) Evaluation of internal financial controls and risk management systems 8) Monitoring the end use of funds raised through public offers			NDSI ND-NSI
34	Para 5.9.6 of the Outsourcing Guidelines	Outsourcing vendors	An ageing analysis of entries pending reconciliation with outsourced vendors shall be placed before the Audit Committee of the Board (ACB) and NBFCs shall make efforts to reduce the old outstanding items therein at the earliest.			NDSI ND-NSI
35	Para 5.9.7 of the Outsourcing Guidelines	Internal audit of outsourced activities	A robust system of internal audit of all outsourced activities shall also be put in place and monitored by the ACB of the NBFC.			NDSI ND-NSI
36	Para 5.9.4 of the Outsourcing Guidelines	Service providers of outsourced function	NBFCs shall at least on an annual basis, review the financial and operational condition of the service provider to assess its ability to continue to meet its outsourcing obligations. Such due diligence reviews, which can be based on all available information about the service provider shall highlight any deterioration or breach in performance standards, confidentiality and security, and in business continuity preparedness.		May be done by the Board/ Audit Committee	NDSI ND-NSI
37	Para 5.6.4 of the Outsourcing Guidelines	Security breach by service providers	The NBFC shall review and monitor the security practices and control processes of the service provider on a regular basis and require the service provider to disclose security breaches.		May be done by the Board/ Audit Committee	NDSI ND-NSI

Sr. No	Clause Reference	Disclosure regarding	Particulars	Frequency	Remarks	Applicability
38	Para 8A(v) of the KYC Directions	KYC	Review of quarterly audit notes and compliance of the KYC Guidelines to the Audit Committee.			NDSI ND-NSI
39	Para 5.5 of IT Directions	Reporting of IS Audit	Review of IS Audit Report by the Board or the Audit Committee. Simultaneously to be also placed before the IT Strategy Committee for its comments.			NDSI
40	Para 4 of Fraud Reporting Directions	Attempted fraud reporting	1) All individual cases involving ₹ 25 lakh or more should be continued to be placed before the Audit Committee . The report containing attempted frauds which is to be placed before the Audit Committee of the Board should cover inter alia the following viz; <ul style="list-style-type: none"> <li>• The modus operandi of the attempted fraud;</li> <li>• How the attempt did not materialize in the fraud or how the attempt failed / was foiled;</li> <li>• The measures taken by the applicable NBFC to strengthen the existing systems and controls;</li> <li>• New systems and controls put in place in the area where fraud was attempted;</li> </ul> 2) In addition to the above, <b>yearly consolidated review of such cases detected during the year</b> containing information regarding area of operations where such attempts were made, effectiveness of new process and procedures put in place during the year, trend of such cases during the last three years, need for further change in process and procedures, if any, etc. as on March 31 every year (starting from the year ending March 31, 2013) within three months of the end of the relative year.			NDSI
41	Para 2, Chapter V of Fraud Reporting Directions	Review of frauds of more than 1 crore	All the frauds involving an amount of ₹ 1 crore and above should be monitored and reviewed by the Audit Committee. The periodicity of the meetings of the Committee may be decided according to the number of cases involved. However, the Committee should meet and review as and when a fraud involving an amount of ₹ 1 crore and above comes to light.			NDSI
42	Para B1 of the RBI Circular on Risk Based Internal Audit dated February 03, 2021	Risk based internal audit (RBIA)	The Risk Based Internal Audit policy must be reviewed periodically.		Should be placed before the Audit Committee as well	NBFCs-ND with asset size of Rs.5,000 crore
43	Para B3 of the RBI Circular on Risk Based Internal Audit dated February 03, 2021		The Audit Committee/Board should review the performance of RBIA. The Audit Committee/ Board should formulate and maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The quality assurance program may include assessment of the internal audit function at least once in a year for adherence to the internal audit policy, objectives and expected outcomes.		RBIA framework to be implemented by March 31, 2022	NBFCs-ND with asset size of Rs.5,000 crore
44	Para C1 of the RBI Circular on Risk Based Internal Audit dated February 03, 2021		Review of status of RBIA placed by the senior management before the Board/ Audit Committee.			NBFCs-ND with asset size of Rs.5,000 crore
45	Para C3 of the RBI Circular on Risk Based Internal Audit dated February 03, 2021		A consolidated position of major risks faced by the organization shall be presented at least annually to the Audit Committee/ Board, based on inputs from all forms of audit.			NBFCs-ND with asset size of Rs.5,000 crore
46	Para DV of the RBI Circular on Risk Based Internal Audit dated February 03, 2021		The Head Internal Auditor shall directly report to either the Audit Committee/Board/ MD & CEO or WTD. If the Board allows the MD/ CEO/ WTD to be the 'Reporting authority', then the 'Reviewing authority' shall be the Audit Committee/Board and the 'Accepting authority' shall be the Board in matters of performance appraisal of the Head Internal Auditor. In such cases, the Audit Committee/Board shall meet the HIA at least once in a quarter, without the presence of the senior management (including the MD & CEO/WTD).			NBFCs-ND with asset size of Rs.5,000 crore
47	Para 13 of the RBI Circular on Risk Based Internal Audit dated February 03, 2021		All the pending high and medium risk paras and persisting irregularities should be reported to the ACB/Board in order to highlight key areas in which risk mitigation has not been undertaken despite risk identification.			NBFCs-ND with asset size of Rs.5,000 crore
48	Para 14 of the RBI Circular on Risk Based Internal Audit dated February 03, 2021		The internal audit function should have a system to monitor compliance to the observations made by internal audit. Status of compliance should be an integral part of reporting to the ACB/Board.			NBFCs-ND with asset size of Rs.5,000 crore



Sr. No	Clause Reference	Disclosure regarding	Particulars	Frequency	Remarks	Applicability
49	Para 7.2 of RBI Circular on Guidelines on appointment of Statutory Auditor dated April 27, 2021	Performance of auditor	The Board/Audit Committee shall review the performance of statutory auditor on an annual basis.			NBFC-ND with asset size of above Rs. 1000 crores
50	Para 7.2 of RBI Circular on Guidelines on appointment of Statutory Auditor dated April 27, 2021	eligibility criteria of the auditor	Since the NBFC is to intimate RBI on the fulfilment of the eligibility criteria by the statutory auditor each year during the tenure, the eligibility of the auditor shall be assessed by the Board/ Audit Committee each year			NBFC-ND with asset size of above Rs. 1000 crores
51	-	Policy review	Review of relevant policies	The committee may decide the frequency		NDSI ND-NSI
<b>NRC</b>						
52	Para 70(2)(i) of NBFC-NDSI Master Directions	Powers and functions under the Companies Act	The NRC formed under the RBI Directions shall have same powers, functions and duties as laid down in section 178 of the Companies Act. Therefore the NRC will have to ensure the following in a year - 1) Evaluation of performance of Board, committees and individual directors by independent external agency and review of the same by the NRC, based on the manner of evaluation approved by the NRC. 2) Review of NRC Policy			NDSI ND-NSI
53	Para 72 read with Annex XVIII of NBFC-NDSI Master Directions	Fit and Proper criteria of directors	Review and scrutinising annual declarations on 'Fit and Proper Criteria' obtained from the directors			NDSI ND-NSI
54		Fit and Proper criteria of directors	Ensuring that deeds of covenants have been obtained from directors in the prescribed format at the time of their appointment/ reappointment			NDSI ND-NSI
55	-	Policy review	Review of relevant policies	The committee may decide the frequency		NDSI ND-NSI
<b>Risk Management Committee</b>						
56	Para 15A read with Annex II of NBFC NDSI Directions and NBFC ND-NDSI Directions	Review of liquidity risk related parameteres	Review of Liquidity risk management framework, adequacy of liquidity risk tolerance limits, breaches thereof, etc.	Periodicity to be decided in the Policy based on the nature and volume of transactions.  At least annually		Non-deposit taking NBFCs with asset size of ₹100 crore and above
57		Review of ALM related forms	Review of DNBS04A and B, public disclosures to be made on the website	Quarterly	May also be done by ALCO	Non-deposit taking NBFCs with asset size of ₹100 crore and above
58	Para 72 of NBFC-NDSI Directions	RMC to meet the CRO	The CRO shall have direct reporting lines to the MD & CEO/ Risk Management Committee (RMC) of the Board. In case the CRO reports to the MD & CEO, the <b>RMC/ Board shall meet the CRO without the presence of the MD &amp; CEO, at least on a quarterly basis.</b>		RMC to meet the CRO (without MD/ CEO) on a quarterly basis, if the CRO is reporting to the MD/ CEO	NBFCs with asset size of more than Rs.50 billion
59	-	Policy review	Review of relevant policies	The committee may decide the frequency		Non-deposit taking NBFCs with asset size of ₹100 crore and above
<b>Asset-Liability Management Committee (ALCO)</b>						
60	Para 15A read with Annex II of NBFC NDSI Directions and NBFC ND-NDSI Directions	Review of ALM related forms	Review of DNBS04A and B, public disclosures to be made on the website	Quarterly	May also be done by RMC	NBFC-ND with asset size of ₹100 crore and above
61			Review of ALM statements - quarterly	ALM reporting is to made quarterly and therefore, the statements will be reviewed quarterly as well.		
62			The ALCO is required to ensure adherence to risk tolerance limits set by the Board. Therefore, the ALCO will be responsible to periodically review the risk limits vis-à-vis the limits set by the Board.	Periodicity may be decided by the Board		
63			MIS review and review of internal controls with respect to liquidity risk	Periodicity may be decided by the Board		
64			Review of ALM mismatch statements and gap statements	Periodicity may be decided by the Board		

Sr. No	Clause Reference	Disclosure regarding	Particulars	Frequency	Remarks	Applicability
65			Review of liquidity position of the Company and all its branches	Periodicity may be decided by the Board		
66			Review of public disclosure of liquidity risk to be made quarterly on the website and in the annual financial statements	Quarterly		
67		Policy review	Review of relevant policies	The committee may decide the frequency		
<b>IT Strategy Committee</b>						
68	Para 1.1 of IT Directions	Review of IT strategies	The IT Strategy Committee will carry out review and amend the IT strategies in line with the corporate strategies, Board Policy reviews, cyber security arrangements and any other matter related to IT Governance. Its deliberations may be placed before the Board.		The Committee shall work in partnership with other Board committees and Senior Management to provide input to them.	NDSI
69	Para 5.5 of IT Directions	Reporting of IS Audit	Review of IS Audit Report by the Board or the Audit Committee. Simultaneously to be also placed before the IT Strategy Committee for its comments.			NDSI
70	Para 3.9 of IT Directions	IT Risk Assessment	The risk assessment of IT Systems should be brought to the notice of the CRO, CIO and the Board.		Should also be placed before the IT Strategy Committee	NDSI
71	Para 7.3 of IT Directions	Outsourcing of IT function	1) Undertaking a periodic review of outsourcing strategies and all existing material outsourcing arrangements 2) Periodically reviewing the effectiveness of policies and procedures; 3) Communicating significant risks in outsourcing to the NBFC's Board on a periodic basis; 4) Ensuring an independent review and audit in accordance with approved policies and procedures 5) Review of contingency plans		The Board and IT Strategy committee have the responsibility to institute an effective governance mechanism and risk management process for all IT outsourced operations.	NDSI
72	Para VII(11) of the RBI Circular on Risk Based Internal Audit dated February 03, 2021	Risk Based Internal Audit	The scope of internal audit should also include system and process audits in respect of all critical processes. The findings of such audits should also be placed before the IT Committee of the Board.			NBFC-ND with asset size of ₹5,000 crore and above
73	-		Review of relevant policies	The committee may decide the frequency		NDSI ND-NSI
<b>IT Steering Committee</b>						
74	Para 4.1 of IT Directions	IT Steering Committee	NBFCs should establish a steering committee, consisting of business owners, the development team and other stakeholders to provide <b>oversight and monitoring of the progress of the project</b> , including deliverables to be realized at each phase of the project and milestones to be reached according to the project timetable.			NDSI

## Disclosures in Financials

Sr. No	Clause Reference	Disclosure regarding	Particulars	Remarks
<b>Disclosures in Annual Report – As per NBFC Master Directions</b>				
1	Para 27(4) (d) of NBFC Master Direction Loans against security of single product – gold jewellery	Auction for gold loan	NBFCs shall disclose in their annual reports the details of the auctions conducted during the financial year including the number of loan accounts, outstanding amounts, value fetched and whether any of its sister concerns participated in the auction.	Applicable only in case of Gold loan business
2	Annex XVII of NBFC Master Direction - Terms and Conditions Applicable to Perpetual Debt Instruments (PDI) for Being Eligible for Inclusion in Tier I capital of	Details of PDIs	Non-deposit taking NBFC with asset size of ₹ 500 crore and above issuing PDI, shall make suitable disclosures in their Annual Report about : (i) Amount of funds raised through PDI during the year and outstanding at the close of the financial year; (ii) Percentage of the amount of PDI of the amount of its Tier I Capital; (iii) Mention the financial year in which interest on PDI has not been paid in accordance with clause 1(viii) above.	Applicable for NBFCs issuing PDIs
3	Para 4.3 of Annex IV of NBFC Master Directions	Related Party Transaction	Details of all material transactions with related parties shall be disclosed in the annual report along with policy on dealing with Annual Report	
4	Para 4.3 of NBFC Master Directions	Corporate Governance	(i) Remuneration of Directors (Para 4.5) (ii) a Management Discussion and Analysis report	
<b>Disclosures in Financial Statements- as per NBFC Master Directions</b>				

Sr. No	Clause Reference	Disclosure regarding	Particulars	Remarks
<b>Disclosure in the balance sheet</b>				
5	NBFC Master Directions Para 14	Provisioning	The provision towards standard assets need not be netted from gross advances but shall be shown separately as 'Contingent Provisions against Standard Assets' in the balance sheet.	
6	NBFC Master Directions Para 17 (1) and (2)	Provisioning	Every applicable NBFC shall separately disclose in its balance sheet the provisions made as per these Directions without netting them from the income or against the value of assets. The provisions shall be distinctly indicated under separate heads of account as under: (i) provisions for bad and doubtful debts; and (ii) provisions for depreciation in investments.	
7	NBFC Master Directions Para 17 (5)	Ratios	In addition to the above every applicable NBFC shall disclose the following particulars in its Balance Sheet: (i) Capital to Risk Assets Ratio (CRAR); (ii) Exposure to real estate sector, both direct and indirect; and (iii) Maturity pattern of assets and liabilities.	
8	Para 19 read with Annex XIV of NBFC Master Directions	Additional Disclosure in Balance sheet	Every applicable NBFC shall append to its balance sheet prescribed under the Companies Act, 2013, the particulars in the schedule as set out in Annex IV.	
9		Details with respect to securitisation	Disclosures to be made by the Originator in Notes to Annual Accounts The Notes to Annual Accounts of the originating NBFCs shall indicate the outstanding amount of securitised assets as per books of the SPVs sponsored by the NBFC and total amount of exposures retained by the NBFC as on the date of balance sheet to comply with the MRR. These figures shall be based on the information duly certified by the SPV's auditors obtained by the originating NBFC from the SPV. These disclosures shall be made in the format given in Appendix 2.	
10	Para 15A read with Annex II of the NBFC Master Directions	Liquidity Risk Management	An NBFC shall publicly disclose information (Appendix I) on a quarterly basis on the official website of the company and in the annual financial statement as notes to account that enables market participants to make an informed judgment about the soundness of its liquidity risk management framework and liquidity position.	
11	Para 15B read with Annex III of the NBFC Master Directions	Liquidity Risk	NBFCs in their annual financial statements under Notes to Accounts, starting with the financial year ending March 31, 2021, shall disclose information on LCR for all the four quarters of the relevant financial year. The disclosure format is given in the Appendix I.	Data must be presented as simple averages of monthly observations over the previous quarter (i.e., the average is calculated over a period of 90 days). However, with effect from the financial year ending March 31, 2022, the simple average shall be calculated on daily observations.
12	Para 15B read with Annex III of the NBFC Master Directions- Appendix I (Part B)	Liquidity Risk	NBFCs should provide sufficient qualitative discussion (in their annual financial statements under Notes to Accounts) around the LCR to facilitate understanding of the results and data provided.	
13	Para 94 of NBFC Master Direction	Currency Futures	Disclosures shall be made in the balance sheet relating to transactions undertaken in the currency futures market, in accordance with the guidelines issued by SEBI.	
14	Annex VII of NBFC Master Direction	Restructuring	NBFCs shall disclose in their published annual Balance Sheets, under "Notes on Accounts", information relating to number and amount of advances restructured, and the amount of diminution in the fair value of the restructured advances as per the format given in Appendix – 4	
15	<a href="#">Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016</a>	Frauds	NBFCs shall disclose the amount related to fraud, reported in the company for the year in their balance sheets.	
16	<a href="#">Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances</a>	Restructuring of Advances to MSME	NBFCs shall make appropriate disclosures in their financial statements, under 'Notes on Accounts', relating to the MSME accounts restructured under these instructions as per the following format: No. of accounts restructured Amount (₹ in million)	
17	Para 73 – Master Directions (Ref. Annexure XIV)	Various disclosures	(i) registration/ licence/ authorisation, by whatever name called, obtained from other financial sector regulators; (ii) ratings assigned by credit rating agencies and migration of ratings during the year; (iii) penalties, if any, levied by any regulator; (iv) information namely, area, country of operation and joint venture partners with regard to joint ventures and overseas subsidiaries and (v) Asset-Liability profile, extent of financing of parent company products, NPAs and movement of NPAs, details of all off-balance sheet exposures, structured products issued by them as also securitization/ assignment transactions and other disclosures	

## Website disclosures

Sr. No	Clause Reference	Disclosure regarding	Particulars	Remarks
<b>NBFC Master Directions</b>				
1	Para 15A read with Annex II of the NBFC Master Directions	Liquidity Risk Management	An NBFC shall publicly disclose information (Appendix I) on a quarterly basis on the official website of the company that enables market participants to make an informed judgment about the soundness of its liquidity risk management framework and liquidity position.	Please refer Appendix I
2	Para 15B read with Annex III of the NBFC Master Directions	Liquidity risk coverage	NBFCs are required to disclose information on their LCR every quarter	To be made on website
3	Para 75 of NBFC-NDSI Directions	Corporate Governance Guidelines	All applicable NBFCs shall frame their internal guidelines on corporate governance with the approval of the Board of Directors, enhancing the scope of the guidelines without sacrificing the spirit underlying the above guidelines and it shall be published on the company's website, if any, for the information of various stakeholders.	
4	Para 35 of NBFC-NDSI Directions	Fair Practices Code	Fair Practices Code (which shall preferably be in the vernacular language or a language as understood by the borrower) based on the directions outlined hereinabove shall be put in place by all applicable NBFCs having customer interface with the approval of their Boards. Applicable NBFCs will have the freedom of drafting the Fair Practices Code, enhancing the scope of the directions but in no way sacrificing the spirit underlying the above directions. The same shall be put up on their website, if any, for the information of various stakeholders.	
5	Para 36(2) of NBFC-NDSI Directions	Interest rates	The rates of interest and the approach for gradation of risks shall also be made available on the website of the companies or published in the relevant newspapers. The information published in the website or otherwise published shall be updated whenever there is a change in the rates of interest.	
6	<a href="#">RBI circular on Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances - Clarifications dated November 12, 2021</a>	Consumer Awareness	With a view to increasing awareness among the borrowers, lending institutions shall place consumer education literature on their websites, explaining with examples, the concepts of date of overdue, SMA and NPA classification and upgradation, with specific reference to day-end process. These instructions shall be complied with at the earliest, but not later than March 31, 2022.	
7	Para 10.1 of RBI Circular on Guidelines on appointment of Statutory Auditor dated April 27, 2021	Policy on appointment of statutory auditor	The NBFC shall formulate a Board Approved Policy for appointment of statutory auditor and the same shall be hosted on the website	NBFC-ND with asset size of above Rs. 1000 crores
8	<a href="#">RBI circular on Co-Lending by Banks and NBFCs to Priority Sector dated November 05, 2020</a>	Colending by NBFC	The banks and NBFCs shall formulate Board approved policies for entering into the co-lending model and place the approved policies on their websites.	
9	<a href="#">Para 34A of the NBFC NDSI Directions r.w. para 18(3) (4) (5) of the Integrated Scheme</a>	Integrated Ombudsman Scheme	1) Display of name and contact details (Telephone/mobile number and E-mail ID) of the Principal Nodal Officer 2) Display of salient features of the Scheme are in English, Hindi and regional language 3) Copy of the Scheme	There is no format prescribed in the Scheme, 2021 for the 'salient features' to be displayed in branches and on the website. The Company may use the format of the erstwhile Scheme, 2018, suitable modified based on the Scheme, 2021, till RBI prescribes any format.
<b>Outsourcing</b>				
10	Para 4.3	Use of outsourcing service providers	In cases where the customers are required to deal with the service providers in the process of dealing with the NBFC, NBFCs shall incorporate a clause in the relative product literature/ brochures, etc., stating that they may use the services of agents in sales/ marketing etc. of the products. The role of agents may be indicated in broad terms.	Where the NBFC is involved in selling/ marketing of products through a digital platform, the same may be considered similar to 'product brochure/ literature' and thus this requirement should be adhered to.
11	Para 5.9.5	Termination of outsourcing agreement	In the event of termination of the outsourcing agreement for any reason in cases where the service provider deals with the customers, the same shall be publicized by displaying at a prominent place in the branch, posting it on the web-site, and informing the customers so as to ensure that the customers do not continue to deal with the service provider.	
12	Para 5.10	Grievance Redressal for Outsourcing function	The grievance redressal procedure of the NBFC and the time frame fixed for responding to the complaints shall be placed on the NBFC's website.	
13	<a href="#">Para 120A of the NBFC NDSI Master Directions read with RBI Circular Loans Sourced by Banks and NBFCs over Digital Lending Platforms: Adherence to Fair Practices Code and Outsourcing Guidelines dated June 24, 2020</a>	DLP	Names of digital lending platforms engaged as agents shall be disclosed on the website of NBFCs.	