

**Notification No. DNBS. 158/CGM(CSM)-2002 dated June 6, 2002.**

DEPARTMENT OF NON-BANKING SUPERVISION  
CENTRAL OFFICE  
CENTRE I, WORLD TRADE CENTRE,  
CUFFE PARADE, COLABA,  
MUMBAI 400 005.

**NOTIFICATION No. DNBS. 158/CGM(CSM)-2002 dated June 6, 2002.**

The Reserve Bank of India, having considered it necessary in the public interest, and being satisfied that, for the purpose of enabling the Bank to regulate the credit system to the advantage of the country, it is necessary to amend the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998, in exercise of the powers conferred by section 45JA of the Reserve Bank of India Act, 1934 (2 of 1934) and of all the powers enabling it in this behalf, hereby directs that the said directions contained in Notification No.DFC.119/DG(SPT)/98 dated January 31, 1998 shall stand amended as follows, namely –

1. In paragraph 2, in sub paragraph (1) for clause (xii), the following clause shall be substituted, namely-

“with effect from March 31, 2003, ‘non-performing asset’ (referred to in these directions as “NPA”) means:

- (a) an asset, in respect of which, interest has remained overdue for a period of six months or more;
- (b) a term loan inclusive of unpaid interest, when the instalment is overdue for a period of six months or more or on which interest amount remained overdue for a period of six months or more;
- (c) a demand or call loan, which remained overdue for a period of six months or more from the date of demand or call or on which interest amount remained overdue for a period of six months or more;
- (d) a bill which remains overdue for a period of six months or more;
- (e) the interest in respect of a debt or the income on receivables under the head ‘other current assets’ in the nature of short term loans/advances, which facility remained overdue for a period of six months or more;

- (f) any dues on account of sale of assets or services rendered or reimbursement of expenses incurred, which remained overdue for a period of six months or more;
- (g) the lease rental and hire purchase instalment, which has become overdue for a period of twelve months or more;
- (h) in respect of loans, advances and other credit facilities (including bills purchased and discounted), the balance outstanding under the credit facilities (including accrued interest) made available to the same borrower/beneficiary when any of the above credit facilities becomes non-performing asset:

Provided that in the case of lease and hire purchase transactions, an NBFC may classify each such account on the basis of its record of recovery;”

2. In the Annexure, in Form-NBS 2, for the formats of certificate and Auditor’s Report appended thereto, the following shall respectively be substituted, namely -

**“CERTIFICATE**

Certified that

- (1) the data/information furnished in this statement are in accordance with the directions issued by the Reserve Bank of India relating to income recognition, accounting standards, asset classification, provisioning for bad and doubtful debts, capital adequacy and concentration of credit and investments. The statement has been compiled from the books of account and other records of the company and to the best of my knowledge and belief they are correct;
- (2) Reserve Bank’s classification of the company as a ..... on the basis of its principal business as evidenced from its asset and income pattern continues/does not continue to hold good (delete whatever is not applicable);
- (3) the company has accepted public deposit and the quantum of such deposit is within the limits applicable to the company;
- (4) the company has not paid interest/brokerage on deposit beyond the ceiling prescribed under the directions;

- (5) The company has not defaulted in repayment of matured deposit;
- (6) the credit rating for fixed deposits assigned by the Credit Rating Agency viz.------(Name of the Agency) at -----(rating level) is valid;
- (7) the capital adequacy as disclosed in part C of the return after taking into account the particulars contained in part D, E and F has been correctly worked out;
- (8) the aggregate of amount outstanding in respect of loans, Equipment Leasing, Hire Purchase Finance and investment held together with other assets of the company during the half year ended March / September \_\_\_\_\_ is taken into account to ensure that the minimum stipulated capital adequacy ratio as applicable to the company has been maintained throughout the relevant period on an on-going basis.
- (9) classification of assets as disclosed in part F of the return has been verified and found to be correct. No rollover/rephasing of loans, lease and hire purchase transactions and bills discounted beyond due dates has been observed. The sub-standard or doubtful or loss asset, if up-graded, has been done so, in conformity with the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions 1998;
- (10) investments in group companies as disclosed in part G of the return, exposures to individuals/firms/other companies exceeding the credit/investment concentration norms as disclosed in part H of the half-yearly return, investments in premises and unquoted shares as disclosed in part I of the return and particulars on suit filed and decreed debts by the company and against it as disclosed in part J of the return and classification of such assets is correct.

Place :  
Date :

For and on behalf of  
(Name of the company )

Managing Director/Chief Executive Officer

**Auditor's Report**

We have examined the books of accounts and other records maintained by ..... Limited in respect of the capital funds, risk assets/exposures and risk asset ratio etc. as on .....20... and statements/certificate herein above made by the Managing Director/Chief Executive Officer of the company or his authorised representative. On the basis of random checking, we certify the statement in paragraph (8) above. We further report that to the best of our knowledge and according to the information and explanations given to us and as shown by the record examined by us, the figures shown in Parts A, B, C, D, E, F, G, H, I and J of the statement herein above are correct.

Place:

Date:

**Withdrawn**

Statutory auditors”

(C. S. Murthy)

Chief General Manager – in – Charge