



RULES OF BUSINESS FOR NBFIs

(Updated upto March 31, 2002)

BANKING POLICY DEPARTMENT
STATE BANK OF PAKISTAN

C O N T E N T S

-	Definitions.	1
RULE-1	Limit on exposure against liabilities.	3
RULE-2	Limit on exposure against contingent liabilities.	3
RULE-3	Creation and building-up of reserve.	3
RULE-4	Deposit Insurance	3
RULE-5	Return on deposits	3
RULE-6	Maintenance of liquidity against certain liabilities.	4
RULE-7	Linkage between borrower's equity and total borrowings.	4
RULE-8	Maintenance of current and debt-equity ratios.	6
RULE-9	Limit on NBFI's exposure to a single person.	6
RULE-10	Financing facilities against shares.	7
RULE-11	Facilities to small entrepreneurs.	8
RULE-12	Focusing attention on principal lines of business.	8
RULE-13	Restriction on certain types of transactions.	8
RULE-14	Classification and provisioning for assets.	10
RULE-15	Submission of statistical returns.	19
RULE-16	Removal of records.	22

RULE-17	Audit and submission of accounts.	22
RULE-18	Restriction on election and appointment.	23
RULE-19	Places of business.	23
RULE-20	Code of conduct.	23
RULE-21	Internal audit.	24
RULE-22	Prevention of criminal use of NBFIs for the purpose of money laundering and other unlawful trades.	24
RULE-23	Minimum conditions for grant of financing facilities.	25
RULE-24	Margin against facilities.	25
RULE-25	Scale of penalties.	27
RULE-26	Credit rating.	29
RULE-27	Minimum information on the borrowers.	30
RULE-28	Foreign currency deposits under FE 25-1998.	30

* * * * *

P R E F A C E

The existing Rules of Business for NBFIs in respect of various aspects of operations of Non Bank Financial Institutions have been reviewed in the light of on-going process of changes in the financial sector. The revised version of the said Rules containing therein all the amendments issued from time to time has been consolidated and issued herewith for ease of reference. The Rules of Business for NBFIs do not supersede margin restrictions and other directives issued by the State Bank of Pakistan from time to time in respect of areas not covered by these Rules. Any violation or circumvention of these Rules shall render the NBFI / officer(s) concerned liable for penalties under the Banking Companies Ordinance, 1962.

Banking Policy Department

PART – A
DEFINITIONS

For the purpose of these rules: -

- (a) **“Documents”** include vouchers, bills, promissory notes, securities for leases / advances and claims by or against the company and any other documents supporting entries in the books of an NBFi.
- (b) **“Equity”** includes paid-up share capital and reserves.
- (c) **“Exposure”** means financing facilities whether fund based and / or non-fund based.
- (d) **“Facilities to Small Entrepreneurs”** would mean and include:
 - (i) Facilities allowed by an NBFi for genuine business purposes upto Rs 300,000/-.
 - (ii) Facilities allowed to industrial units including cottage industries, which have fixed assets (excluding land and buildings) the original value of which does not exceed Rs 20,000,000/-.
 - (iii) Facilities / loans allowed to the Software Exporters / Software Houses / Information Technology Companies.
- (e) **“Government Securities”** shall include such types of Pak. Rupee obligations of the Federal Government or a Provincial Government or of a Corporation wholly owned or controlled, directly or indirectly, by the Federal Government or a Provincial Government and guaranteed by the Federal Government as the Federal Government may, by notification in the Official Gazette, declare, to the extent determined from time to time, to be Government Securities.
- (f) **“Lease Key Money”** means lease security deposit.
- (g) **“Major Shareholder”** means any person holding 5% or more of the share capital.
- (h) **“NBFi”** means a Non-Bank Financial Institution and includes a Development Finance Institution (DFI), Modaraba, Leasing Company,

Housing Finance Company, Investment Bank, Discount House and Venture Capital Company.

- (i) **“Person”** includes an individual, a Hindu undivided family, a firm, an association or body of individuals whether incorporated or not, a company and every other juridical person.
- (j) **“Principal Lines of Business”** means:
 - (i) For a Development Finance Institution, fixed investment financing and other lines of business declared by the DFI in order of priority.
 - (ii) For an Investment Bank, lines of business declared by the Investment Bank in order of priority.
 - (iii) For a Housing Finance Company, the financing of housing.
- (k) **“Records”** include ledgers, day books, cash books and all other manuals, magnetic or electronic records used in the business of an NBFIs.

PART-B
RULES OF BUSINESS

1. ¹**Limit on exposure against liabilities**-----Liabilities, excluding contingent liabilities, of an NBFI for the first two years of its operations shall not exceed seven times of its equity. In the subsequent years, the liabilities shall not exceed ten times of the equity of the NBFI.
2. ¹**Limit on exposure against contingent liabilities**-----Contingent liabilities of an NBFI for the first two years of its operations shall not exceed seven times of its equity. In the subsequent years, the contingent liabilities shall not exceed ten times of the equity of the NBFI.
3. ¹**Creation and building-up of reserve**-----Every NBFI shall create reserve fund to which shall be credited:
 - (a) An amount not less than 20% of its after tax profits till such time the reserve fund equals the amount of paid-up capital.
 - (b) Thereafter a sum not less than 5% of its after tax profit.
Stock dividends shall be treated as appropriation for the purpose.

²The words “Stock Dividends shall be treated as appropriation for the purpose” relate to sub-rule (b) only, and not to rule-3 as a whole. In other words once the reserves are equal to the paid-up capital, not less than 5% of after tax profits would be required to be credited to the reserve fund, which may also be used for stock dividends. Since such stock dividends would increase the paid-up capital, the NBFI would be required to transfer further amounts to the reserves in order to comply with sub-rule (a).
4. ¹**Deposit Insurance**-----When Deposit Insurance arrangements are in place every NBFI shall arrange full insurance cover for its deposits / Certificates of Investment (COIs) etc. upto Rs 100,000/-.
5. ³**Return on deposits**-----Every NBFI shall allow a rate of return to all its depositors / COIs holders which may be different for different volumes

1 NBFI's Circular No. 1 dated December 5, 1991.
2 NBFI's Circular No. 29 dated October 11, 1994.
3 BPRD Circular Letter No. 25 dated November 3, 1998.

of deposits / COIs, provided uniformity is observed within each category.

6. ⁴**Maintenance of liquidity against certain liabilities-----**(1) Not less than 14% of the NBFIs' liabilities shall be invested in Government Securities. For this purpose liabilities shall not include NBFIs' equity and borrowings from financial institutions including accruals thereon, lease key money, deferred taxation not payable within 12 months, dividend payable within 2 months, advance lease rentals and deposits from financial institutions.
- (2) In addition to investment in Government Securities, shares of listed companies and NIT Units, NBFIs may also invest in listed debt securities for the purpose of maintaining liquidity under this rule. However, the investment in listed debt securities including investment in listed shares of any one company shall not exceed the value of one minimum marketable lot as recognized in Stock Exchange(s) or 1% of the liabilities as defined under sub-rule (1) of this rule, whichever is higher. The companies selected should have a stable share/debt security value above the par value during the one-year period immediately preceding the date of making investment. The listed debt securities whose market value shows fluctuation of upto 10% of their par value will also be eligible for the purpose of maintaining liquidity under the said rule. NBFIs shall report the investment so made in listed debt securities separately in the Weekly Statement No.2 (statement showing liquidity position) as per prescribed format.
- (3) Every NBFIs shall, in addition to above said liquidity requirement, maintain with State Bank of Pakistan a balance the amount of which shall not at the close of business on any day be less than 1% of the total liabilities of such NBFIs in Pakistan. For this purpose liabilities shall also have the same meaning as defined in sub-rule (1) of this rule.
7. ⁵**Linkage between borrower's equity and total borrowings-----**(1) While granting any facility, NBFIs shall ensure that the total facilities availed by any borrower from banks / NBFIs does not exceed 10 times of the capital and reserves (free of losses) of the borrower as disclosed in its audited accounts.
- (2) ⁵For the purpose of this rule:

4 NBFIs Circular No. 2 dated January 7, 1996.

5 NBFIs Circular No. 9 dated November 11, 1992.

- (a) Facilities shall mean and include fund-based facilities.
 - (b) Subordinated loans shall be counted as equity of the borrower.
 - (c) Export finance and finance provided to ginning and rice husking factories and finance provided on the basis of lien on foreign currency deposits shall be excluded from the borrowings. The borrowers availing this relaxation shall plough back 20% of the net profit each year until such time that they are able to borrow without this relaxation.
 - (d) ⁶Revaluation reserves determined by approved firms of Chartered Accountants / Cost and Management Accountants in accordance with International Accounting Standards would also count as equity. However, the revaluation reserves so determined are required to be reflected in the balance sheets of the borrowers, which are required to be duly audited by the approved firms.
- (3) ⁵Every NBFIs shall, as a matter of rule, obtain a copy of accounts relating to the business of each of its borrower for analysis and record in the following manner. However, this shall not apply to loans not exceeding Rs 500,000/- per borrower.
- (a) Where the NBFIs exposure does not exceed Rs 2 million. Accounts duly signed by the borrower.
 - (b) ⁶Where the exposure exceeds Rs 2 million but does not exceed Rs 10 million.
 - Accounts duly signed by the borrower and countersigned by;
 - (i) the Internal Auditor of an NBFIs or;
 - (ii) a Chartered Accountant or;
 - (iii) a Cost and Management Accountant in case of a borrower other than a public company or a private company which is a subsidiary

5 NBFIs Circular No. 9 dated November 11, 1992.

6 BPRD Circular Letter No. 4 dated January 27, 1999.

- (c) ⁶Where the exposure exceeds Rs 10 million.
- of a public company.
Accounts duly audited by;
- (i) the practicing Chartered Accountant or;
 - (ii) the practicing Cost and Management Accountant in case of a borrower other than a public company or a private company which is a subsidiary of a public company.

8. ⁷**Maintenance of current and debt-equity ratios-----**(1) While granting / renewing financing facilities, NBFIs shall ensure that the current assets to current liabilities of the borrower must not be lower than 1:1. Current maturities of long term debt not yet due for payment may be excluded from the current liabilities for the purpose of calculating this ratio. Lease rental receivable within the next twelve months as disclosed in the notes to the annual audited accounts shall be treated as current assets for the purpose of calculating this ratio.
- (2) Fresh / additional facilities in the form of long-term debts shall be provided on the basis of a debt-equity ratio not exceeding 60:40. However, where a different debt-equity ratio has been laid down by the Government, the ratio laid down by the Government shall apply.
- (3) ⁸For the purpose of this rule subordinated loans shall be counted as equity of the borrower.
9. ⁹**Limit on NBFI's exposure to a single person-----**(1) The total exposure of an NBFI to any single person shall not at any point in time exceed 30% of the NBFI's unimpaired capital and reserves subject to the condition that the maximum outstanding against fund based financing facilities do not exceed 20% of the unimpaired capital and reserves.

6 BPRD Circular Letter No. 4 dated January 27, 1999.

7 BPRD Circular No. 13 dated June 9, 1998.

8 BPRD Circular No. 44 dated December 21, 1999.

9 BPRD Circular No. 20 dated July 8, 1997.

- (2) ⁹In arriving at per party exposure under this rule, following shall be deducted / excluded:
- (a) ¹⁰90% of;
 - (i) certificates of deposit / certificates of investment of the borrower with an NBFIs under lien;
 - (ii) face value of FIBs lodged by the borrower as collateral; and
 - (iii) Pak. Rupee equivalent of face value of Special US Dollar Bonds converted at official rate, lodged by the borrower as collateral.
 - (b) 50% of guarantees / bonds other than repayment guarantees.
 - (c) Loans and advances given to the Federal / Provincial Governments, or guaranteed by the Federal Government.
 - (d) Cash margin retained by an NBFIs against guarantees / bonds issued.
10. ¹¹**Financing facilities against shares-----**(1) No NBFIs shall:
- (a) Provide unsecured facilities to finance subscription towards floatation of share capital of public limited companies.
 - (b) Allow financing facilities, whether fund based or non-fund based, against the shares of companies not listed on the Stock Exchange(s).
 - (c) Provide loans and advances to any public limited company against the security of its own shares or shares of its associated companies.
 - (d) Provide financing against 'sponsor director's shares' (issued in their own name or in the name of their family members) of banks/ NBFIs.

9 BPRD Circular No. 20 dated July 8, 1997.

10 BPRD Circular No. 1 dated January 9, 1999.

11 BPRD Circular No. 36 dated October 27, 1999.

- (e) Provide financing to any one person (whether singly or together with other family members or companies owned and controlled by him or his family members) against shares (other than the sponsor shares) of any NBFIs in excess of 5% of paid-up capital of that NBFIs.
 - (f) Allow financing facilities, whether fund based or non-fund based, against the shares of companies that are not in the Central Depository System.
 - (g) Hold shares in any company whether as pledgee, mortgagee, or absolute owner, of an amount exceeding 30% of the paid-up share capital of that company or 30% of its own paid-up share capital and reserves, whichever is less.
- (2) ¹²Facilities against the shares of listed companies shall be subject to minimum margin of 25% of their average market value of the preceding 12 months. NBFIs are however, free to set higher margin requirements keeping in view other factors.
- (3) ¹³NBFIs may acquire / purchase upto 5% of the total paid-up shares of any commercial bank without any prior approval from the State Bank of Pakistan. In case of acquisition / purchase above 5% of the total paid-up shares, NBFIs are required to approach the State Bank of Pakistan for seeking its prior clearance.
- (4) ¹¹Each NBFIs shall furnish a statement on half yearly basis showing finances provided by it against pledge of shares latest by 20th January and 20th July for each preceding half-year as per prescribed format.
11. ¹⁴**Facilities to small entrepreneurs-----**At least 5% of the credit facilities shall be provided to small entrepreneurs. In the case of Housing Finance Companies at least 5% facilities shall be in the form of facilities not exceeding Rs 300,000/- per borrower.
12. ¹**Focusing attention on principal lines of business-----**Every NBFIs shall hold not less than 70% of its assets in the form of its principal lines of business.

1 NBFIs Circular No. 1 dated January 2, 1996.

11 BPRD Circular No. 36 dated October 27, 1999.

12 BSD Circular No. 32 dated September 14, 2001.

13 BSD Circular No. 22 dated June 1, 2001.

14 BPRD Circular Letter No. 22 dated October 20, 1998.

13. ¹⁵**Restrictions on certain types of transactions-----**(1) No NBFIs shall allow facilities to any of its directors or to individuals, firms or companies in which it or any of its directors is interested as partner, director or guarantor, as the case may be, its Chief Executive and its share holders holding 5% or more of the share capital of the NBFIs, including their spouses, parents, and children or to firms and companies in which they are interested as partners, directors or shareholders holding 5% or more of the share capital of that concern without the approval of the majority of the directors of that NBFIs excluding the director concerned.
- (2) ¹⁵No NBFIs shall allow unsecured facilities or facilities secured only by guarantees. Facilities provided against bank guarantees, the end use of which will be verified by the NBFIs to be productive will be exempt.
- (3) ¹⁵No NBFIs shall grant unsecured facilities to or allow facilities on the guarantee of:
- (i) any of its directors;
 - (ii) any of the family members of any of its directors;
 - (iii) any firm or private company in which an NBFIs or any of the persons referred to in (i) or (ii) is interested as director, proprietor or partner; or
 - (iv) any public limited company in which an NBFIs or any of the persons as aforesaid is substantially interested; and
 - (v) its Chief Executive and its shareholders, holding 5% or more of the share capital of an NBFIs, including their spouse, parents, and children or to firms and companies in which they are interested as partners, directors or shareholders holding 5% or more of the share capital of that concern.
- (4) ¹No NBFIs shall allow facilities for speculative purposes.
- (5) ¹NBFIs shall not without the prior approval in writing of the State Bank of Pakistan enter into leasing, renting and sale / purchase of any kind with their directors, officers, employees or persons who either individually or in concert with family members beneficially own 10% or more of the

¹⁵ NBFIs Circular No. 1 dated January 2, 1996.
¹ NBFIs Circular No. 1 dated December 5, 1991
¹⁵ NBFIs Circular No. 1 dated January 2, 1996.

equity of the NBFIs. ¹⁶This restriction does not apply in case of purchase of vehicles by the directors, officers or employees of NBFIs which remained in their own use for a period of not less than three years provided that such sale is covered under the employees service rules and is effected by the NBFIs at book value at the date of such transaction.

- (6) ¹No NBFIs shall hold, deal or trade in real estate except that in use of the NBFIs itself. In the case of Housing Finance Companies property acquired from a borrower in consequence of his failing to meet his obligations to Housing Finance Company would be exempt from this rule.

14. ¹⁷**Classification and provisioning for assets-----**(1) Every NBFIs shall observe prudential guidelines given hereunder in the matter of classification of its asset portfolio and provisioning there-against.

LOANS/ ADVANCES:

(I) SHORT TERM FINANCING FACILITIES:

CLASSIFICATION	DETERMINANT	TREATMENT OF INCOME	PROVISIONS TO BE MADE
(1)	(2)	(3)	(4)
1. OAEM (Other Assets Especially Mentioned).	Where mark-up/ interest or principal is overdue (past due) by 90 days from the due date.	Unrealized mark-up/ interest to be put in Suspense Account and not to be credited to Income Account except when realized in cash.	No Provision is required.
2. Substandard.	Where mark-up/ interest or principal is overdue by 180	As above.	Provision of 20% of the difference resulting from the outstanding

¹⁶ BSD Circular Letter No 28 dated October 22, 2001.

¹ NBFIs Circular No. 1 dated December 5, 1991.

¹⁷ BPRD Circular No. 9 dated April 27, 2000.

days or more
from the due
date.

balance of
principal less the
amount of liquid
assets realizable
without recourse
to a Court of
Law and forced
sale value of
mortgaged/
pledged assets
as valued by
valuers fulfilling
prescribed
eligibility criteria,
in accordance
with the
guidelines
provided in this
rule.

3. Doubtful.

Where mark-up/
interest or
principal is
overdue by one
year or more
from the due
date.

As above.

Provision of 50%
of the difference
resulting from
the outstanding
balance of
principal less the
amount of liquid
assets realizable
without recourse
to a Court of
Law and forced
sale value of
mortgaged/
pledged assets
as valued by
valuers fulfilling
prescribed
eligibility criteria,
in accordance
with the
guidelines
provided in this

rule.

4. Loss.	(a) Where mark-up/ interest or principal is overdue beyond two years or more from the due date.	As above.	Provision of 100% of the difference resulting from the outstanding balance of principal less the amount of liquid assets realizable without recourse to a Court of Law and forced sale value of mortgaged/ pledged assets as valued by valuers fulfilling prescribed eligibility criteria, in accordance with the guidelines provided in this rule.
	(b) Where Trade Bills (Import/Export or Inland Bills) are not paid/adjusted within 180 days of the due date.	As above.	As above.

(II) LONG TERM FINANCING FACILITIES:

CLASSIFICATION	DETERMINANT	TREATMENT OF INCOME	PROVISIONS TO BE MADE
(1)	(2)	(3)	(4)

1. OAEM (Other Assets Especially Mentioned).	Where mark-up/ interest or principal is overdue (past due) by 90 days from the due date.	Unrealized mark-up/ interest to be put in Suspense Account and not to be credited to Income Account except when realized in cash.	No Provision is required.
2. Substandard.	Where installment of principal or interest/ mark-up is overdue by one year or more.	As above.	Provision of 20% of the difference resulting from the outstanding balance of principal less the amount of liquid assets realizable without recourse to a Court of Law and forced sale value of mortgaged/ pledged assets as valued by valuers fulfilling prescribed eligibility criteria, in accordance with the guidelines provided in this rule.
3. Doubtful.	Where installment of principal or interest/ mark-up is overdue by two years or more.	As above.	Provision of 50% of the difference resulting from the outstanding balance of principal less the amount of liquid assets realizable

			without recourse to a Court of Law and forced sale value of mortgaged/pledged assets as valued by valuers fulfilling prescribed eligibility criteria, in accordance with the guidelines provided in this rule.
4. Loss.	Where installment of principal or interest/ mark-up is overdue by three years or more.	As above.	Provision of 100% of the difference resulting from the outstanding balance of principal less the amount of liquid assets realizable without recourse to a Court of Law and forced sale value of mortgaged/pledged assets as valued by valuers fulfilling prescribed eligibility criteria, in accordance with the guidelines provided in this rule.

¹⁸Note:

- a) *Liquid assets mean realizable amount of bank deposits, certificates of deposit, government securities, shares of listed companies, NIT units, certificates of mutual funds, gold ornaments, inventories pledged to banks / NBFIs with possession with 'perfected lien' duly supported with flawless documentation.*
- b) *Classified loans / advances that have been guaranteed by the Government would not require provisioning, however, markup / interest on such accounts shall be taken to suspense account instead of income account.*

- (2) ¹⁷In addition to the above time based criteria, subjective evaluation of performing and non-performing credit portfolio shall be made for risk assessment and where considered necessary the category of classification determined on the basis of time based criteria shall be further downgraded. Such evaluation shall be carried out on the basis of adequacy of security inclusive of its realizable value, cash flow of borrower, his operation in the account, documentation covering advances and credit worthiness of the borrower etc.
- (3) The rescheduling / restructuring of non-performing loans shall not change the status of classification of a loan/ advance etc. unless the terms and conditions of rescheduling / restructuring are fully met for period of at least one year (excluding grace period, if any) from the date of such rescheduling / restructuring. Accordingly, NBFIs are directed to ensure that status of classification as well as provisioning is not changed in relevant reports to the State Bank of Pakistan merely because of the fact that a loan has been restructured or rescheduled. However, while reporting to the Credit Information Bureau (CIB), such loans / advances may be shown as 'rescheduled / restructured' instead of 'default'.
- (4) NBFIs shall classify their loans / advances portfolio and make provisions there-against in accordance with the time-based criteria prescribed above. However, where an NBFI wishes to avail of the benefit of collaterals held against loans / advances they can consider the realizable value of assets mortgaged / pledged for deduction from the outstanding principal amount of loan / advance against which such

18 BSD Circular Letter No. 5 dated March 29, 2001.

17 BPRD Circular No. 9 dated April 27, 2000.

assets are mortgaged / pledged, before making any provision. The realizable value shall be the value that could currently be obtained by selling the mortgaged / pledged asset in a forced / distressed sale conditions. Accordingly, NBFIs shall take into account only forced sale value into consideration while determining the required provisions. Loans / advances against which securities are not available, or which have not been valued according to these guidelines and verified by the external auditors shall continue to be classified and provided for according to the time-based criteria. NBFIs shall follow the following uniform criteria for determining the realizable value of assets mortgaged / pledged:

- i) Only assets having registered mortgage, equitable mortgage (where NOC for creating further charge has not been issued by bank / NBFI) and pledged assets shall be considered. Assets having pari-passu charge shall be considered on proportionate basis.
- ii) Hypothecated assets and assets with second charge and floating charge shall not be considered.
- iii) Valuations shall be carried out by an independent professional valuer who should be listed on the panel of valuers maintained by the Pakistan Banks' Association (PBA) for this purpose. PBA shall lay down the minimum eligibility criteria with the prior approval of the State Bank of Pakistan for placement of valuers on the panel to be maintained by it. The valuer while assigning any values to the mortgaged / pledged assets, shall take into account all relevant factors affecting the salability of such assets including any difficulty in obtaining their possession, their location and condition and the prevailing economic conditions in the relevant sector, business or industry. The realizable values of mortgaged / pledged assets so determined by the valuers must have to be a reasonably good estimate of the amount that could currently be obtained by selling such assets in a forced / distressed sale condition. The valuers should also mention in their report the assumptions made, the calculations / formulae / basis used and the method adopted in determination of the realizable values.
- iv) Valuation shall be done at least once in three years. For example any valuation done on November 01, 1999 would be valid for consideration for the accounting periods ending on December 31,

1999, December 31, 2000 and December 31, 2001 and for subsequent accounting periods a fresh valuation would be required. If valuation is older than three years as explained above, a revaluation should be done, otherwise the valuation shall be taken as Nil.

- v) The categories of mortgaged/pledged assets to be considered for valuation alongwith discounting factors to be applied would be as under (no other assets shall be taken into consideration):

a) **Liquid Assets:**

Valuation of Liquid Assets, excluding pledged stocks which are dealt with at (d) below, shall be determined by the NBFIs themselves and verified by the external auditors. However, in the case of pledged shares of listed companies values should be taken at market value as per active list of Stock Exchange(s) on the balance sheet date and as per guidelines given in the TR-23 issued by the Institute of Chartered Accountants of Pakistan (ICAP). Moreover, valuation of shares pledged against loans/advances shall be considered only if these have been routed through Central Depository Company of Pakistan (CDC), otherwise these will not be admissible for deduction as liquid assets while determining required provisions.

b) **Land and Building:**

Valuation of land and buildings would be accepted as determined by the valuers in accordance with the criteria given at point 4(iii) above and no further discounting factor would be applied on forced sale value determined by them.

c) **Plant and Machinery:**

Entities of classified borrowers shall be divided into following categories at the balance sheet date and discounting factors shall be applied to forced sale value as under:

Category	Discounting factors to be applied to forced sale value
A) In operation.	No discounting factor to be applied.
B) In operation at the	?? 15% of forced sale value on

time of valuation but now closed / in liquidation.	<p>the date of closure.</p> <p>?? 1st year after closure - 25% of forced sale value</p> <p>?? 2nd year - 50% of forced sale value.</p>
C) Closed / in liquidation at the time of valuation and no change in situation.	<p>?? After valuation - 1st year 25% of forced sale value.</p> <p>?? 2nd year - 50% of forced sale value.</p>

d) **Pledged Stocks:**

In case of pledged stocks of perishable and non-perishable goods, forced sale value should be provided by valuers, which should not be more than six months old, at each balance sheet date. The goods should be perfectly pledged, the operation of the godowns should be in the control of an NBFIs and regular valid insurance and other documents should be available. In case of perishable goods the valuer should also give the approximate date when these are expected to be of no value.

- vi) For valuations of mortgaged assets carried out within a period of twelve months prior to December 31, 1999, these may be considered provided they were carried out by an independent professional valuer and a revised certificate is obtained from the valuer regarding the forced sale value of the assets as on the date the valuation was carried out. These valuations should then be subject to the discounting percentages and other criteria as laid down in this rule.
- vii) The values of mortgaged / pledged assets determined by the valuers shall be subject to verification by the external auditors, who may reject cases of valuation, which in their opinion, do not appear to have been professionally carried out and values determined are unreasonable, or in the case of which valid documentation of mortgage / pledge, supported by legal opinion wherever required, is not available on record.

INVESTMENTS AND OTHER ASSETS:

- (5) Subjective evaluation of investment portfolio and other assets shall be carried out by an NBFIs. Classification of such assets and provision required there-against should be determined keeping in view the risk involved and the requirements of the International Accounting Standards.

SUBMISSION OF RETURNS:

- (6) Besides submitting the party-wise annual statements regarding classified loans / advances to our Banking Inspection Department, as is being done currently, NBFIs shall submit a yearly statement giving consolidated position of their classified assets and provisions required there-against to the Banking Supervision Department as per Annexure-I, within three months of the close of their accounting year.

TIMING OF CREATING PROVISIONS:

- (7) NBFIs shall review, at least on a quarterly basis, the collectibility of their loans / advances portfolio and shall properly document the evaluations so made. Shortfall in provisioning, if any, determined as a result of quarterly assessment, shall be provided for immediately in their books of accounts by the NBFIs.

VERIFICATION BY THE AUDITORS:

- (8) The external auditors as a part of their annual audits of NBFIs shall verify that all requirements of Rule-14 for classification of assets and determination of provisions required there-against have been complied with. The State Bank of Pakistan shall also check the adequacy of provisioning during on-site inspection.

15. ¹**Submission of statistical returns-----**Every NBFIs shall submit the following returns as per format prescribed by the State Bank of Pakistan from time to time:

	TITLE OF RETURNS	PERIODICITY	PERIOD OF SUBMISSION
(1)	Weekly statement of affairs.	Weekly	Within two days of the date to which the return relates.
(2)	Statement showing liquidity position.	-Do-	-Do-

1 NBFIs Circular No. 1 dated December 5, 1991.

(3)	Statement showing equity and liabilities.	Monthly	Within seven days of the date to which the return relates.
(4)	Statement showing equity and contingent liabilities.	-Do-	-Do-
(-)	Statement showing monetary and credit situation. (Circular No.31)	-Do-	-Do-
(5)	Rate-wise analysis of deposits / COIs by maturity.	Quarterly	Within fifteen days of the date to which the return relates.
(6)	Distribution of deposits by number of accounts.	-Do-	-Do-
(7)	Statement showing sources of borrowings and their maturity.	-Do-	-Do-
(8)	Rate-wise analysis of borrowings.	-Do-	-Do-
(9)	Rate-wise analysis of advances.	-Do-	-Do-
(10)	Constituent-wise break-up of advances.	-Do-	-Do-
(11)	Statement of advances to small borrowers.	-Do-	-Do-
(12)	Statement of advances.	-Do-	-Do-
	(i) Sector / industry-wise statement of fixed and working capital investment (Public Sector).	-Do-	-Do-
	(ii) Sector / industry-wise	-Do-	-Do-

	statement of fixed and working capital investment (Private Sector).		
(13)	Statement showing rescheduling of financial assistance.	-Do-	-Do-
(14)	Classification of advances by security pledged.	-Do-	-Do-
(14-A)	Category-wise breakup of overdues (past dues) advances and lease finance in Pakistan.	-Do-	-Do-
(16)	Statement of defaults against contingent liabilities.	-Do-	-Do-
(17)	Statement showing type-wise breakup of the contingent liabilities.	-Do-	-Do-
(-)	Statement of rescheduled / restructured facilities of Rs 1 million and above. (NBFIs Circular No.18 dated 11-12-1993)	-Do-	-Do-
(-)	Statement showing default of Rs 1 million and above. (NBFIs Circular No.18 dated 11-12-1993)	-Do-	-Do-
(-)	Statement showing details of investments made in shares of joint stock companies / modorabas. (NBFIs Circular No.32 dated 19-12-1994)	-Do-	-Do-

(-)	Statement showing details of investment in securities other than shares. (NBFIs Circular No.32 dated 19-12-1994)	-Do-	-Do-
(19)	Rate of return on various types of deposits/ COIs.	Half-yearly	-Do-
(20)	Statement showing position of classified short-term finance to Public Sector.	Annually	-Do-
(20-A)	Statement showing position of classified short-term finance to Private Sector.	-Do-	-Do-
(20-B)	Statement showing position of classified long-term finance to Public Sector.	-Do-	-Do-
(20-C)	Statement showing position of classified long-term finance to Private Sector.	-Do-	-Do-

16. ¹**Removal of records**-----No NBFI shall remove from Pakistan and the State of Azad Jammu and Kashmir to a place outside Pakistan and the State of Azad Jammu and Kashmir any of its records or documents relating to its business without the prior permission in writing of the State Bank of Pakistan. The records taken out of Pakistan and the State of Azad Jammu and Kashmir by the officer(s) of the organization in the discharge of their official duties will be exempt.

1 NBFI's Circular No. 1 dated December 5, 1991.

17. ¹⁹**Audit and submission of accounts-----**(1) Every NBFIs shall submit duly audited accounts to the State Bank of Pakistan within a period of six months after the end of its accounting year and shall comply with the following conditions with respect to the appointment of auditors:
- (a) A person shall not be qualified for appointment as an auditor unless he is a Chartered Accountant within the meaning of Chartered Accountant Ordinance, 1961 (X of 1961).
 - (b) An auditor shall hold office for a period of not less than three consecutive years and shall not be removed from the office before the expiry of that period except with the prior approval of the State Bank of Pakistan.
 - (c) The State Bank of Pakistan may from time to time lay down guidelines for the audit, and the auditors shall be bound to follow these guidelines.
- (2) The State Bank of Pakistan may require special audit of any NBFIs in addition to regular inspection by the State Bank of Pakistan, at any time and may appoint special auditors. The cost of such audit shall be borne by the NBFIs.
18. ¹**Restriction on election and appointment-----**No person shall be elected or appointed as a director, an officer or an employee of an NBFIs who;
- (a) has been convicted of an offence involving frauds, breach of trust or moral turpitude; and / or
 - (b) has been adjudged as insolvent or has suspended payment of his debts or has compounded with his creditors.
19. ¹**Places of business-----**No NBFIs shall open a new place of business without prior permission in writing of the State Bank of Pakistan.
20. ¹**Code of conduct-----**Every NBFIs shall become a member of an association constituted in consultation with the State Bank of Pakistan.

19 NBFIs Circular No. 5 dated April 5, 1995.

1 NBFIs Circular No. 1 dated December 5, 1991.

Such association shall frame a code of conduct for their members and ensure compliance therewith.

21. ²⁰**Internal audit**-----All NBFIs shall have an Internal Audit Department. The Head of this Department will report directly to the Board of Directors or to the Audit Committee constituted by the Board. He / she will be interalia, responsible for compliance with these rules.
22. ²¹**Prevention of criminal use of NBFIs for the purpose of money laundering and other unlawful trades**-----**(1)** NBFIs shall follow the following guidelines to safeguard themselves against their involvement in money-laundering activities, and other unlawful trades. These will add to or reinforce the precautions, NBFIs may have been taking on their own in this regard: -
- (a) Before extending services, NBFIs shall make reasonable efforts to determine the true identity of their customer. Particular care should be taken to identify ownership of all accounts and those using safe-custody facilities. Effective procedures should be instituted for obtaining identification from new customers. An explicit policy should be devised to ensure that significant business transactions are not conducted with customers who fail to provide evidence of their identity.
 - (b) NBFIs shall ensure that business is conducted in conformity with high ethical standards and that NBFIs laws and regulations are adhered to. It is accepted that NBFIs normally do not have effective means of knowing whether a transaction stems from or forms part of wrongful activity. Similarly, in an international context, it may be difficult to ensure that cross border transactions on behalf of customers are in compliance with the regulations of another country. Nevertheless, NBFIs should not set out to offer services or provide active assistance in transactions, which in their opinion are associated with money derived from illegal activities.
 - (c) Specific procedures be established for ascertaining customer's status and his source of earnings, for monitoring of accounts on a regular basis, for checking identities and bonafides of remitters and beneficiaries, for retaining internal record of transactions for

20 BSD Circular No 28 dated August 2, 2001.

21 NBFIs Circular No. 13 dated May 27, 1993.

future reference. The transactions, which are out of character with the normal operation of the account involving heavy deposits / withdrawals / transfers, should be viewed with suspicion and properly investigated.

- (d) For an effective implementation of NBFIs' policy and procedures, suitable training be imparted to members of staff and they be informed of their responsibility in this regard.
 - (e) NBFIs may make arrangements for setting up an Internal Audit System in order to establish an effective means of testing / checking and compliance with the NBFIs Policy and procedures established by it.
- (2) Keeping in view the above principles, NBFIs shall issue necessary instructions for guidance and implementation by the staff members.
23. ²²**Minimum conditions for grant of financing facilities**-----When considering proposals for fund based / non-fund based accommodation NBFIs should give due weightage to the credit report relating to the borrower and his group obtained from the Credit Information Bureau of the State Bank of Pakistan. If the credit report indicates over-exposure / default in meeting the obligations and in the opinion of an NBFIs the default / over-exposure is willful or the unit is no longer viable, further accommodation may be denied. However, if the default / over-exposure is due to circumstances beyond the control of the borrower and further accommodation would put the borrower back on track and enable it to regularize the position, an NBFIs may consider extending accommodation as it may deem fit.
24. ¹**Margin against facilities**-----NBFIs shall maintain the following minimum margin requirements against various facilities:
- A. **GUARANTEES:**
- All guarantees except those specified below, will be backed by 100% realizable securities:
- (a) For issue of performance bonds, 100% cover of realizable securities may be waived by the NBFIs at their own discretion

22 NBFIs Circular No. 8 dated September 19, 1996.

1 NBFIs Circular No. 1 dated December 5, 1991.

subject to minimum compulsory realizable security cover equivalent to 20% of the amount of the performance bond.

- (b) For issue of guarantees in respect of mobilization advance, 100% cover of realizable securities may be waived by the NBFIs at their own discretion subject to the following conditions:
 - (i) Guarantees issued should contain a clause that the mobilization advance shall be released by the beneficiary through the guarantor NBFI only; and
 - (ii) At the time of issuing such a guarantee the construction companies should sign an agreement with the NBFI that releases out of mobilization advance would be covered by them by realizable assets.
- (c) For bid bonds issued on behalf of domestic consultancy firms bidding for international contracts where the consultancy fees are to be received in foreign exchange the requirement of 100% cover by realizable securities may be waived at the discretion of the NBFIs.
- (d) Relaxation provided in (c) above would also be admissible to all suppliers of goods and services bidding against International Tenders.

B. DEPOSIT CERTIFICATES:

These will be subject to a minimum margin of 20%.

NBFIs shall not create any kind of encumbrance or lien against foreign currency deposits / certificates held on May 28, 1998.

C. STOCKS:

Raw Cotton	25%
Cotton Yarn	25%
Edible Oil	25%
Sugar (To Sugar Mills)	25%
Industrial Raw Material:	
- Imported	25%

- Indigenous	30%
Other Stocks.	25%

25. ²³**Scale of penalties-----**(1) In addition to any other action that the State Bank of Pakistan may institute against any functionary of an NBFI under section 83 of the Banking Companies Ordinance, 1962, the following scale of penalties will be applicable in respect of various categories of violations of rules and regulations:

SR. NO.	AREA OF IRREGULARITIES	SCALE OF PENALTY
(a)	Violation of:	
	i) Cash Reserve Requirement.	i-a) Rs 69/- per Rs 100,000/- or part thereof per day on the amount by which the balance with SBP falls short of the fixed minimum.
		i-b) If the shortfall continues in the subsequent week or thereafter the penalty shall be increased to Rs 86/- per Rs 100,000/- or part thereof per day.
	ii) Statutory Liquidity Requirement.	ii) Rs 86/- per Rs 100,000/- or part thereof per day on the amount by which the liquid assets fall short of the fixed minimum.
(b)	Violation of instructions regarding operations of Deposit Accounts and payment of Return.	Rs 20,000/- per case and / or Rs 1,000/- per day for the period of the irregularity and / or disciplinary action against

23 BPRD Circular No. 21 dated June 9, 1999.

official(s) responsible.

- | | | |
|-----|--|---|
| (c) | Violation of instructions regarding operating of accounts. | Rs 20,000/- per case and / or Rs 1,000/- per day for the period of the irregularities and / or disciplinary action against official(s) responsible. |
| (d) | Violation of security requirement for grant of loans and advances. | Rs 20,000/- per case and / or Rs 1,000/- per day for the period of the irregularities and / or disciplinary action against official(s) responsible. |
| (e) | Violation of instructions / regulations regarding grant of financing facilities. | Rs 20,000/- per case and / or Rs 1,000/- per day for the period of the irregularity, and / or disciplinary action against official(s) responsible. |
| (f) | Violation of rules & regulations including those relating to issuance of Letter of Credit and Guarantees. | Rs 20,000/- per case and / or Rs 1,000/- per day for the period of the irregularity, and / or disciplinary action against official(s) responsible. |
| (g) | Violation of other Rules of Business for NBFIs, provisions of Banking Companies Ordinance, 1962, Banks Nationalization Act, 1974 and the State Bank of Pakistan Act, 1956. | Rs 20,000/- per case and / or Rs 1,000/- per day for the period of the irregularity, and / or disciplinary action against official(s) responsible. |
| (h) | Delayed submission of Returns, concealment or misreporting of data / information to the State Bank of Pakistan. | Rs 20,000/- per case and / or Rs 1,000/- per day for the period of the irregularity, and / or disciplinary action against official(s) responsible. |
| (i) | Violation of instructions regarding location, opening | Rs 20,000/- per case and / or Rs 1,000/- per day for the |

- | | | |
|--|---------------------------|---|
| | and shifting of branches. | period of the irregularity, and / or disciplinary action against official(s) responsible. |
|--|---------------------------|---|
- (j) Violation of regulations regarding grant of financing facilities in respect of Export Finance Scheme / Locally Manufactured Machinery. As already notified by State Bank of Pakistan from time to time.
- (k) Excess lending to autonomous bodies from their prescribed limit. As notified vide BCD Circular Letter No. 27/127-Priv-88 dated 12-11-1988.
- (2) NBFIs found to be repeating or committing the same violations / irregularities in the following year(s) / period(s) except those relating to Cash Reserve Requirement / Statutory Liquidity Requirement would be subjected to levy of a surcharge @ 25% compounded on succeeding year as compared to the year it was first pointed out.
- (3) NBFIs are advised to note the scale of fines / penalties as also their progressive nature and to circulate among managers of all their branches. It may also be noted that fine / penalty once levied due to mistake in reporting or any other lapse on the part of NBFIs will not be condoned / refunded. NBFIs are therefore, urged in their own interest and in the interest of the financial system as a whole to ensure compliance with Rules of Business for NBFIs and other directives of the State Bank of Pakistan in letter and spirit.
26. ²⁴**Credit rating-----**(1) With a view to safeguard the interest of prospective investors, depositors and creditors, it shall be mandatory for all NBFIs to have themselves credit rated by a credit rating agency on the approved panel of the State Bank of Pakistan.
- (2) The credit rating will be an ongoing process i.e. credit rating should be updated on a continuous basis from year to year and the rating report be submitted to the State Bank of Pakistan within a period of one month of the last notification of rating.

24 BPRD Circular No. 15 dated June 6, 2000.

- (3) NBFIs listed on the Stock Exchange(s) will make disclosure of their credit rating to the public within one month of the last notification of rating. All other NBFIs not listed on the Stock Exchange(s) will get themselves credit rated, however, it shall be mandatory upon them to make their credit rating public within a period of two years from the date of their first rating and thereafter annually within one month of the last notification of rating.
27. ²⁵**Minimum information on the borrowers-----**(1) The collection and analysis of adequate information on the prospective borrower helps in expeditious credit processing, minimizing the risk of default and effective monitoring after disbursement of funds. In this context and with a view to streamline the standardization of information regarding credit processing, no financing facility whether fund based or non-fund based (including renewal, enhancement and rescheduling / restructuring) will be provided by any NBFI unless the Loan Application Form (LAF) prescribed by an NBFI is accompanied with a "Borrower's Basic Fact Sheet" as per approved format of the State Bank of Pakistan.
- (2) No financing facility shall be approved by an NBFI unless and until the information requested in the Basic Fact Sheet is provided by the borrower under his seal and signature.
28. ²⁶**Foreign currency deposits under FE 25-1998-----**(1) NBFIs shall not invest FE 25 deposits in foreign currency / local currency denominated junk bonds, shares, hedge funds or other such high risk / high return instruments. Neither, they shall invest / place such deposits in fund management schemes of other banks / NBFIs whether in Pakistan or abroad.
- (2) NBFIs will be free to decide the rate of return on such deposits, provided the maximum rate of return offered on such deposits does not exceed LIBOR applicable on the date of determination of such return / profit. Accordingly, the previous instructions issued under para B(2) of FE Circular No.25 dated June 20, 1998 stand modified to this extent.
- (3) NBFIs shall be required to maintain the prescribed ratio of Cash Reserve against FE 25 deposits in US Dollars.

25 BSD Circular No. 10 dated March 15, 2001.

26 BSD Circular No. 21 dated May 14, 2001.

- (4) Placement of funds of FE-25 deposits with any one financial institution, whether in Pakistan or abroad, shall not exceed twenty percent of the equity (net of accumulated losses) of the NBFIs or of the institution with whom the funds are being placed, whichever is higher. Furthermore, compliance with all other relevant Rules of Business for NBFIs shall be ensured.
- (5) NBFIs shall be free to use FE 25 deposits for their trade-related activities provided the exchange risks are adequately covered and a square position is maintained.
- (6) ²⁷Foreign currency deposits mobilized under FE 25 scheme, after netting-off the deposits utilized to finance trade related activities such as financing against Import and Export documents, should not at any point exceed twenty percent of the local currency deposits of the NBFIs at the close of business on the last working day of the preceding quarter. NBFIs who were in breach of the limit as on January 1, 2002 shall ensure compliance by July 1, 2002.

²⁷ BSD Circular No. 2 dated January 1, 2002.

ANNEXURE-I

NAME OF THE NBF:

**STATEMENT OF CLASSIFIED ASSETS AND PROVISIONING
THERE-AGAINST AS OF THE YEAR ENDED 31ST DECEMBER / 30TH JUNE-----**

1. QUALITY OF ADVANCES:

	CATEGORY OF CLASSIFICATIONS				
	OAEM	SUB-STANDARD	DOUBTFUL	LOSS	TOTAL
Principal amount of classified loans /advances (i)					
Less:					
a) Value of liquid assets.					
b) Discounted realizable value of mortgaged / pledged assets in forced / distressed sale conditions.					
Sub-Total (ii) = (a+b)					
Net amount on which provision is required to be calculated (iii) = i-ii					
Provisioning requirement:					
Percentage (iv)	0%	20%	50%	100%	
Amount (v) = iii * iv					

2. QUALITY OF ASSETS:

	LOANS / ADVANCES	INVESTMENTS	OTHER ASSETS	TOTAL ASSETS
Gross assets (vi)				
Amount Classified: c) OAEM d) Substandard e) Doubtful f) Loss				
Total Classified (vii) = (c+d+e+f)				
Provision required (viii)				
Provision held: g) At the beginning of year h) Addition / reversal during the year At end of accounting year (ix)=g+/-h				
Excess/ shortfall in provision (x)=ix-viii				
Infection Ratio (xi)=(vii/vi)*100				

Date_____

Authorized Signatory
Name and Designation_____
Seal / Stamp of the NBFi_____

**BORROWER'S BASIC FACT SHEET - FOR CORPORATE
PRESCRIBED UNDER RULE 27**

Date of Request. _____

(TO BE COMPLETED IN CAPITAL LETTERS OR TYPEWRITTEN)

1. BORROWER'S PROFILE:

Name										Address									
Phone #										Fax #					E-mail Address				
Office					Res.														
National Identity Card #										National Tax #					Sales Tax #				
			-				-												
Import Registration #					Export Registration #					Date of Establishment					Date of opening of A/c.				

2. DETAILS OF DIRECTORS/OWNERS/PARTNERS:

Name										Address									
Phone #										Fax #					E-mail Address				
Office					Res.														
National Identity Card #										National Tax #									
			-				-												
Share-holding					Amount					% of Share-holding									

3. MANAGEMENT:

A) EXECUTIVE DIRECTORS/PARTNERS:			
Name	Address	NIC #	Phone #
1.			
2.			
B) NON-EXECUTIVE DIRECTORS/PARTNERS:			
Name	Address	NIC #	Phone #
1.			
2.			

4. CORPORATE STATUS:

Sole Proprietorship	Partnership	Public / Private Limited Company

5. NATURE OF BUSINESS:

Industrial	Commercial	Agricultural	Services	Any other

6. REQUESTED LIMITS:

	Amount	Tenor
Fund Based		
Non-Fund Based		

7. BUSINESS HANDLED/EFFECTED WITH ALL FINANCIAL INSTITUTIONS DURING THE LAST ACCOUNTING YEAR:

Imports	Exports	Remittances effected (if any)

8. EXISTING LIMITS AND STATUS:

	Amount	Expiry Date	Status	
			Regular	Amount Overdue (if any)
Fund Based				
Non-Fund Based				

9. ANY WRITE-OFF, RESCHEDULING/ RESTRUCTURING AVAILED DURING THE LAST THREE YEARS:

Name of Financial Institution	Amount during 1 st Year		Amount during 2 nd Year		Amount during 3 rd Year	
	Write-off	Rescheduled/ Restructured	Write-off	Rescheduled/ Restructured	Write-off	Rescheduled/ Restructured

10. DETAILS OF PRIME SECURITIES MORTGAGED/ PLEDGED:

A) AGAINST EXISTING FACILITIES:				
Name of Financial Institution	Nature of Security	Total Amount	Rank of Charge	Net Realizable Value
1.				
2.				
B) AGAINST REQUESTED/ FRESH/ ADDITIONAL FACILITIES:				
Name of Financial Institution	Nature of Security	Total Amount	Net Realizable Value	
1.				
2.				

11. DETAILS OF SECONDARY COLLATERAL MORTGAGED/ PLEDGED:

A) AGAINST EXISTING FACILITIES:				
Name of Financial Institution	Nature of Security	Total Amount	Rank of Charge	Net Realizable Value

1.				
2.				

B) AGAINST REQUESTED/ FRESH/ ADDITIONAL FACILITIES:			
Name of Financial Institution	Nature of Security	Total Amount	Net Realizable Value
1.			
2.			

12. CREDIT RATING (WHERE APPLICABLE):

Name of Rating Agency	Rating

**13. DETAILS OF ASSOCIATED CONCERNS
(AS DEFINED IN COMPANIES ORDINANCE, 1984):**

Name of Concern	Name of Directors	Share-holding	% of Total Share Capital

14. FACILITIES TO ASSOCIATED CONCERNS BY THE CONCERNED FI:

Name of Concern	Nature & Amount of Limit	Outstanding as on-----	Nature & Value of Securities	Overdues	Defaults

15. DETAILS OF PERSONAL GUARANTEES PROVIDED BY THE DIRECTORS / PARTNERS ETC. TO FIs TO SECURE CREDIT:

Names of the Guarantors	Institutions/persons to whom Guarantee given	Amount of Guarantee	Validity Period	NIC #	NTN	Net-worth

16. DIVIDEND DECLARED (AMOUNT) DURING THE LAST THREE YEARS:

During 1 st Year	During 2 nd Year	During 3 rd Year

17. SHARE PRICES OF THE BORROWING ENTITY:

Listed Company		Break-up Value of the Shares in case of Private Limited Company
Current Price	Preceding 12 Months Average	

18. NET -WORTH (PARTICULARS OF ASSETS OWNED IN THEIR OWN NAMES BY THE DIRECTORS/PARTNERS/PROPRIETORS):

Owner's Name	Particulars of Assets	Market value	Particulars of Liabilities

19. DETAILS OF ALL OVERDUES (IF OVER 90 DAYS):

Name of Financial Institution	Amount

20. Details of payment schedule if term loan sought.

21. Latest Audited Financial Statements as per requirement of Rule-7 to be submitted with the LAF (Loan Application Form).

22. Memorandum and Articles of Association, By-laws etc. to be submitted by the borrower along with the request

I certify and undertake that the information furnished above is true to the best of my knowledge.

**CHIEF EXECUTIVE'S/ BORROWER'S
SIGNATURE & STAMP**

COUNTER SIGNED BY:

**AUTHORISED SIGNATURE & STAMP
(NBFI OFFICIAL)**

BORROWER'S BASIC FACT SHEET - FOR INDIVIDUALS / CONSUMERS
PRESCRIBED UNDER RULE 27

Date of Request. _____

(TO BE COMPLETED IN CAPITAL LETTERS OR TYPEWRITTEN)

1. BORROWER'S PROFILE:

Name										Address									
Phone #										Fax #					E-mail Address				
Office					Res.														
National Identity Card #										National Tax #									
				-										-					
Father's Name										Father's National Identity Card #									
														-					

2. REFERENCES (AT LEAST TWO):

Name										Address									
Phone #										Fax #					E-mail Address				
Office					Res.														
National Identity Card #										National Tax #									
				-										-					

3. NATURE OF BUSINESS/ PROFESSION:

Industrial	Commercial	Agricultural	Services	Any other

4. EXISTING LIMITS AND STATUS:

	Amount	Expiry Date	Status		
			Regular	Amount Over- due (if any)	Amount Rescheduled/ Restructured (if any)
Fund Based					
Non-Fund Based					

5. REQUESTED LIMITS:

	Amount	Tenor
Fund Based		
Non-Fund Based		

6. Details of payment schedule if term loan sought.
7. Latest Income Tax / Wealth Tax Form to be submitted by the borrower.

I certify and undertake that the information furnished above is true to the best of my knowledge.

APPLICANT'S SIGNATURE & STAMP

COUNTER SIGNED BY:

AUTHORISED SIGNATURE & STAMP
(NBFI OFFICIAL)