Version 8.0

Credit Monitoring Policy

Credit Monitoring Department

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Prepared By	Credit Monitoring Department (CMD)
Recommended By	EVP-CMD (CQCO) CRMCE (29.08.2025) RMCB (29.12.2025)
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Document History

Version No.	Date of Approval by Board	Brief Description of Changes
1.0	2017-2018 18.08.2017	Newly Developed Credit Audit & Monitoring Policy As per the guidelines of RBI letter Ref. Circular /Letter No.DBS.CO.PP. D.B.C.10/ 11.01.005/16-17 dt.19.04.17
2.0	16.05.2018	Credit Audit and Monitoring Policy & Procedures was reviewed and approved,
--	22.07.2019	Credit Audit and Monitoring Policy was reviewed and approved.
3.0	30.04.2020	Credit Audit and Monitoring Policy was reviewed and approved.
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6.0	01.12.2023	Credit Audit and Monitoring Policy was reviewed and approved.
7.0	17.01.2025	Credit Audit and Monitoring Policy was reviewed and approved with addition/modifications.
8.0	23.02.2026	Credit Monitoring Policy was reviewed and approved with addition/modifications.

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1. **Preamble:**

The Bank has in place a ***Loan Policy*** covering the credit appraisal standards, exposure level, Credit Risk Assessment, etc. In continuation of the policy, the Bank has the following policies for effective **credit management.**

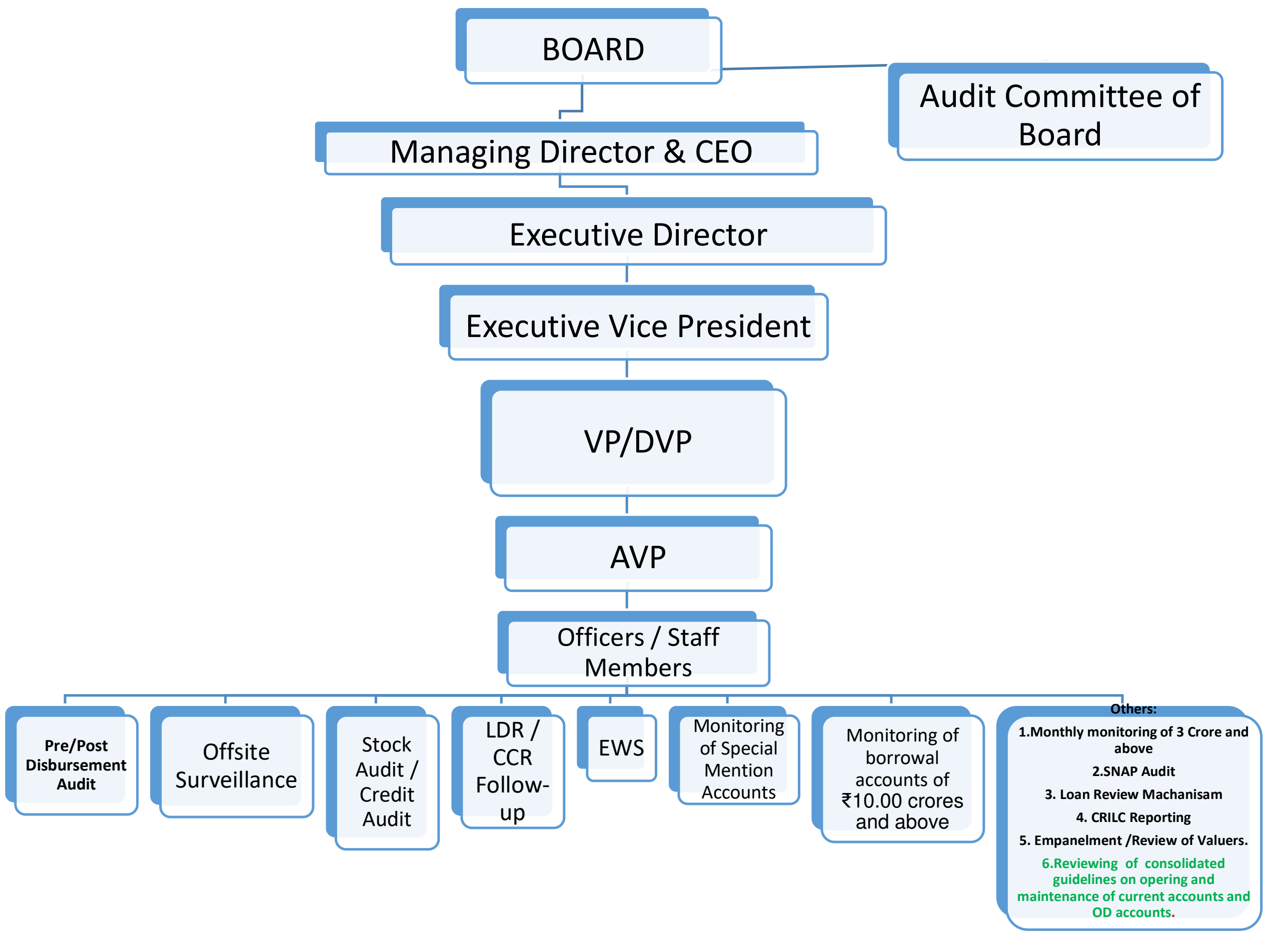
i. Stock Audit Policy
ii. Credit Audit Policy
iii. Credit Resolution and Recovery Policy
iv. Policy on Valuation of Properties and Empanelment of Valuers.
v. Credit Risk Management Policy
vi. Credit Rating/Scoring Policy
vii. Credit Risk Mitigation Techniques and Collateral Management Policy.

In accordance with the observations made by the Reserve Bank of India vide their letter DBS.CO.PP.D.B.C.10/11.01.005/16-17 dated 19.04.2017, the Credit Monitoring Policy was framed in the Bank. A department exclusively for Credit Monitoring (CMD), which has been functioning from 07th November 2005, looks after the Credit function as a measure of having a Systematic/Committed approach in Credit Administration at the Post-sanction level. At present, the Credit Monitoring Department (CMD) is functioning under the control of the Executive Vice President (CQCO), CMD.

Nevertheless, for the other 11 regions, until the Credit Management Centre (CMC) becomes fully operational, the existing monitoring activities shall be undertaken primarily at the Branch/RO/HO level.

With the implementation of the CMC in the remaining 11 Regions and the commencement of its whole operation, necessary changes have been made to monitoring activities, with specific Roles and Responsibilities for different verticals, including the operation-specific monitoring vertical at CMC. The Proposed Changes to such roles and responsibilities are enumerated in Annexure - III.

2. Organisational Set up



3. Need for the Policy:

The Reserve Bank of India has advised all banks to revise/formulate a Credit Monitoring Policy, incorporating a few additional measures, with the approval of the Board, to exercise control over the end use of funds and to monitor account operations in line with the terms and conditions of sanction. Effective implementation of the policy shall be overseen by the Board / Board-level Committees, and shall be specifically examined and commented upon by internal auditors.

3.1. <u>Authority for issuance of Policy:</u>

The policy was prepared /verified by the AVP/DVP of the Credit Monitoring Department and vetted by the Executive Vice President (CRO) of the Risk Management Department. Thereafter, it was placed before RMCB for deliberation and recommendation, and subsequently to the Board for Final Approval.

4. Objectives of the Policy:

The main objective of the Credit Monitoring Policy is:

i. To ensure compliance with the terms and conditions of Credit Sanction / Renewal.
ii. To ensure the end use of the funds as per the sanction.
iii. To monitor the operations in the account in line with the terms and conditions of the sanction.
iv. To initiate appropriate steps after identifying early warning signals.
v. To prevent slippage of accounts into NPA.

All put together to move forward from CREDIT QUALITY to CREDIT EXCELLENCE.

4.1. Key Functions of Credit Monitoring Department:

The key activities of the Credit Monitoring Department are enshrined in the following three functions, viz.

a. Pre-disbursement Monitoring.
b. Post-disbursement Monitoring.
c. Monitoring of Stressed Assets.

5. Pre-disbursement Monitoring:

(a) Pre-disbursement Audit

The purpose of a pre-disbursement Audit is to ensure that credit is delivered only after compliance with all pre-disbursement terms and conditions.

The threshold limit for Pre-Disbursement Audit has been fixed based on category and centres as given below:

Branch Category	Threshold Limit for conducting pre-disbursement audit
Metro, Urban & Semi Urban	₹3.00 Crore and above
Rural – Strategic	₹2.00 Crore and above
Rural – Non-Strategic	₹1.00 Crore and above

Threshold Limit	Inspecting Official Designation
₹3.00 Crore and above	Assistant Vice President / Senior Manager **with credit background** at the Regional Office or the Branch Head of the same cadre within the Region
₹1.00 Crore to below ₹3.00 Crore	Assistant Vice President / Senior Manager / Manager at Regional Office **with Credit background** or Branch Head / Credit officer of nearby branch of same cadre within the Region

Compliance with the terms and conditions of the sanction regarding pre-disbursement should be confirmed before disbursement, and the report should be submitted to the Regional Head.

The Regional Head is the competent authority to permit the branch to disburse loans, subject to compliance with any observations/adverse features noted in the pre-disbursement audit report.

In case of non-compliance, the necessary sanction for modification/waiver of terms and conditions of sanction should be obtained from the concerned sanctioning authority, and only after ensuring the same, the Regional Head is authorised to permit the disbursal of sanctioned limits.

If any adverse features pointed out in the Pre-disbursement Audit are not rectified, they should be submitted to the Executive Vice President (CMD) for perusal and also escalated to the concerned sanctioning authority.

To ensure the conduct of Pre and Post disbursement Audit for all eligible loan accounts and the submission of compliance for the same, SOP (Standard Operating Procedures) has been deployed in the MIS Dashboard w.e.f. 16.08.2023.

(b) General areas of monitoring

The major areas to be covered are:

(i) **All the sanction letters issued by HO (including Various Committees) /RO/ CMC/ BHs shall specify pre & post disbursement conditions separately and should be complied with by the Branches / Asset Specialised Branches/ respective Verticals at CMCs.**

(ii) Legal Opinion to the effect that the bank has acquired a legally valid title over the property offered as security.

(iii) **Legal Audit should be conducted for accounts with an aggregate limit of ₹1.00 crore & above (both fund-based and non-fund-based) secured by immovable properties.**

- **For Loan accounts of ₹3.00 crore and above, the Pre-Disbursement legal audit must be carried out by our panel advocate with 15 years or more of practice, who has not given an opinion / Title Investigation Report (TIR) / Legal Scrutiny Report (LSR) for the borrower account concerned.**

  For Loan accounts of ₹1.00 crore and above, the legal audit shall be conducted by our Panel Advocate with 7 years or more of practice, who has not given an opinion/Title Investigation Report (TIR)/Legal Scrutiny Report (LSR) for the borrower account concerned.

Further, as per RBI directions and our HO circular Ref. No. HO.EVP.legal.Gen.0003/2024-25 dated 09.12.2024, a periodic legal audit and re-verification should be conducted for credit exposures of ₹5.00 crore and above until the loan is fully repaid. However, as a risk mitigation measure, we propose the following periodicity and quantum for performing a legal audit: -

S.No	Quantum of Credit Exposure	Frequency of Periodical Legal Audit to be conducted
(a)	Credit exposure of ₹ 1.00 crore and above but below ₹ 5.00 crore.	At the time of enhancement, for the accounts under the categories of SMA 1 & SMA 2.
(b)	Credit exposure of ₹5.00 crore and above without any increase in existing exposure.	The frequency of Legal Audit to be undertaken on completion of 5 years from the date of implementation, i.e., w.e.f. 09.12.2024.
(c)	Enhancement in the existing exposure above ₹5.00 crore and up to ₹10.00 crore	Once every 4 years from the date of the previous Legal Audit Report (or) before the date of disbursement of enhancement, whichever is later.
(d)	Enhancement in the existing exposure above ₹10.00 crore	Once every 3 years from the date of the previous Legal Audit Report (or) before the date of disbursement of enhancement, whichever is later.

Note:

- **Existing exposure denotes credit exposure as of the date of the circular.**
- **For S.No. (c) & (d), if the eligibility of periodical legal audit is within the shortest duration i.e., not exceeding 2 years, the Branch can approach the sanctioning authority for waiver of periodical legal audit.**

(iv) Availability of the List of documents as per the Legal Opinion.
(v) Availability of prescribed loan documents.
(vi) In the case of a Term Loan, the availability of margin money to be brought in by the borrower.
(vii) Scrutiny of public domain reports such as CIBIL/ other Credit Information Companies, CERSAI, ROC, etc., to ensure adverse features, if any, are appropriately escalated and permission obtained as appropriate.
(viii) Pre-sanction visit report/ Due diligence report.
(ix) Engineer Valuation/ Manager spot verification and Market Enquiry Report for the properties.
(x) Availability of necessary documents for creation of MODTD.
(xi) In case of Export, notification of limit with ECGC.
(xii) Ascertaining the availability of Drawing Power before the disbursement of the Loan Amount.

(xiii) Conducting Stock Audit as a part of pre-disbursement audit for the takeover of working capital limit of ₹3.00 crore and above. The detailed procedure for conducting a stock audit is available in the Stock Audit Policy.

6. **Post-disbursement Audit:**

(a) General areas of monitoring

The loan shall be disbursed upon written permission from the Regional Head, based on the Pre-disbursement Audit Report. The post-disbursement verification should be done by the same person who had done the pre-disbursal audit, except in case of exigency, absence due to long leave/transfer/retirement, another officer shall be permitted with approval of the Regional Head, after seven working days but before 30 days from the date of disbursement, to confirm the following:

(i) Registration of MODTD, CERSAI, ROC, etc.
(ii) Execution of documents/ Availability of original documents duly signed.
(iii) Payment of STAMP DUTY as per the State Stamp Act applicable to the respective States/ Union Territories.
(iv) Compliance with the post-disbursement sanction terms and conditions.
(v) End-use of funds.
(vi) Insurance coverage for Primary and Collateral Securities.
(vii) Unit visit / Assets verification and comments, if any.
(viii) Recovery of charges.
(ix) Submission of LDR/CCR to the Regional Office and the Credit Monitoring Department.
(x) Our Bank's name in EC after MODTD registration.
(xi) Verification of compliance for adverse features, if any, observed/ pointed out by the Credit Department / CMD.
(xii) Compliance with Takeover norms after disbursement.
(xiii) Capturing all the required details about the Collateral Security in Finacle.
(xiv) Verifying the V-code details in Finacle.

Non-compliance with the features pointed out during the Post-disbursement Audit, and any adverse features found during disbursement, should be reported to the Executive Vice President (CMD) for further action, including, where necessary, obtaining ratification from the concerned sanctioning authorities.

(b) Credit Audit

i. Objectives

1. Improvement in the quality of the credit portfolio.
2. Reviewing the sanction process and compliance status of large loans.
3. Feedback on regulatory compliance.
4. Picking up of Early Warning Signals and suggesting remedial measures.

ii. **Scope and Coverage:**
The focus of the credit audit shall be at the account level, examining the overall portfolio and the credit process being followed.

The Bank's Inspection Department is conducting a Credit Audit of eligible borrowing accounts (both fund-based and non-fund-based, excluding NPA accounts) with a credit limit of ₹3.00 Crore or above.

Credit Audit should include examination of areas such as the quality of credit appraisal, adherence to the terms and conditions of sanction, post-sanction monitoring, end-use of funds, capital infusion, margin build-up, etc.

iii. Scrutiny of Credit Audit Reports
The reports are generated through e-Audit – Credit Audit Module (eTHIC Software). The Credit Monitoring Department is scrutinising the reports, and the features are taken up with the respective branches, with a copy to the concerned Regional Office/CMC.

The concerned Regional Office / Standard Asset Monitoring Analyst Team (SAMAT) at CMC shall follow up with the respective branch / ASB / Verticals at CMC to rectify/comply with the observed features until the submission of the Final Rectification Certificate (FRC) to the CMD. The Executive Vice President (CMD) is the competent authority to issue the FRC.

CMD should ensure the entire process, from scrutiny to submission of the FRC, is completed. The credit audit closure should be conducted promptly and in accordance with the policy and procedures.

The **significant** deficiencies, **if any,** in the status report on Credit Audit observations should be presented to the Audit Committee of the Board (ACB) **once a quarter, along with the Action Taken Report (ATR),** after being presented to the Audit Committee of Executives.

(c) <u>Stock Audit</u>
The Stock Audit system was first introduced in the Bank in October 2002 to monitor the availability of drawing power relative to the balance outstanding in the accounts of borrowers with working capital limits of ₹3.00 Crore & above (Both Fund- and non-fund-based).

"Stock Audit should be conducted once in a year by appointing Chartered Accountants, who are in the banks' panel as Stock Auditors, for Working Capital Limits of ₹3.00 Crore & above (both Fund-based and Non-Fund-based Limits) inclusive of NPA where the primary security of stock and/ or Book Debts are available". Suit filed accounts & HOT accounts do not come under the purview of Stock Audit. The detailed procedures are available in the Stock Audit Policy.

7. Monitoring:

7.1. Introduction

Credit monitoring activities are to monitor the borrowal accounts on an off-site basis to ensure that the asset quality of each borrowal account and that of the Credit Portfolio as a whole remain in the "Standard" category at all times. Credit monitoring activity commences immediately after the disbursement of advances, the freshening, additional, or enhancement of limits. Symptoms of sickness, weakness, and deterioration in asset quality are recognised in advance and acted upon promptly through effective monitoring, thereby minimising the influx of NPAs. Early Warning Signals of a serious nature should be reported to the Audit Committee of the Board.

7.2. Strategies

The Bank shall endeavour to address all anticipated risks arising from deviations/violations by operating personnel and mitigate any possible loss to the Bank.

7.3. Areas of Monitoring

The Credit Monitoring Department is responsible for the following key areas of credit at the post-sanction level, as a measure of systematic credit management. The deficiencies observed are communicated to Branches, the Regional Office/CMC, and, if necessary, the Credit Department. One Assistant Vice President/Senior Manager at the Regional Office will monitor the branches under their control in these key areas and report to the CMD.

7.4. Objectives

(i) Scrutiny of Credit Audit Reports
(ii) Scrutiny of Stock Audit Reports
(iii) Monitoring of borrowal accounts of ₹10.00 crore and above:
(iv) Snap Audit on Disbursement of Loan.
(v) Scrutinising of Loan Disbursal Report (LDR) & Conditions Compliance Report (CCR).
(vi) Monthly Monitoring of Borrowal Accounts with a Credit Limit of ₹3.00 Crore and above.
(vii) Monitoring of Special Mention Accounts
(viii) Off-site surveillance on a random basis of exposure ₹1.00 crore and above.
(ix) Monitoring of non-renewal of Working Capital Limits.
(x) Monitoring of Large Value Borrowal Accounts with exposure of ₹ 5 crore and above.
  - Reporting information on SMA accounts
  - Early Warning Signals (EWS)/ Red Flagged Accounts (RFA)
(xi) Opening of Current Accounts by Banks – Need for Discipline.
(xii) Loan Review Mechanism (LRM)
(xiii) Takeover of accounts from other banks
(xiv) Coverage of Unit Verification
(xv) High Value Transactions
(xvi) Scrutinisation of Overdue Bills

(a) Monitoring of high-value borrowal accounts of ₹10.00 crore and above:
A dedicated team at CMD, headed by an Executive and comprising Senior Manager, Managers & Assistant Managers, is monitoring the daily transactions in the borrowal accounts of ₹10.00 crore and above.

Deficiencies observed, if any, should be communicated to the Branch Regional Head, with copies to the Sanctioning Authority and the Executive Vice President (CMD) once a week. Compliance with the deficiencies should be obtained within 7 days of the date of the letter. Any serious deficiencies must be reported to CMG every month.

(b) Snap Audit on Disbursement of Loan:

Below ₹1.00 crore:
The Regional Office shall monitor loan disbursements on the day after disbursement to verify that the loan has been disbursed in accordance with the Bank's systems and procedures. The Regional Office should submit a certificate to the CMD confirming that all such accounts have been monitored and that any deviations, if any, have been reported.

₹1.00 crore and above:
The CMD shall monitor the disbursement of loans of ₹1.00 crore and above on the next day of disbursement. Deficiencies observed, if any, should be communicated to the Branches and Regional Head with a copy to the Sanctioning Authority. A monthly compliance note shall be presented to the Audit Committee of Executives (ACE). The compliance regarding the deficiencies should be obtained within 7 days of the date of the letter; if not received, it shall be escalated to EVP-CMD (CQCO).

To ensure the conduct of Snap Audit for all eligible loan accounts and the submission of compliance for the same, SOP (Standard Operating Procedures) has been deployed in the MIS Dashboard w.e.f. 15.05.2023.

(c) Scrutinising of Loan Disbursal Report (LDR) & Conditions Compliance Report (CCR)
As per Head Office Circular No.HO.GM.CRAM.GEN.0017/2018-19 dt.05.03.2019, the branches have to submit the Loan Disbursement Report (LDR) and Conditions Compliance Report (CCR) to the concerned Regional Office, in case of credit limits with total exposure less than ₹1.00 Crore and in case of exposure of ₹1.00 Crore and above, a copy shall be marked to CMD within 7 days from the date of disbursement. Such received Reports are to be scrutinised by the CMD, and non-compliance with the sanction conditions is to be reported.

If any are to be taken up with the branches for compliance, a copy is to be sent to their respective Regional Office. The deficiencies observed should be addressed within 7 days of the date of this letter, and any non-compliance shall be escalated to EVP-CMD (CQCO).

(d) Monthly Monitoring of Borrowal Accounts with Credit Limit of ₹3.00 crore & above:

The monthly monitoring report is now deployed in the MIS portal by fetching details from existing database sources, such as Finacle and the MIS portal, enabling branches not only to generate the monthly monitoring statement but also to ensure compliance while doing so. The portal will be ready on the 3rd day of every month based on the position as of the last day of the previous month. Branches should submit the statement along with compliance on the 3rd day of every month. After submission, the Credit Monitoring Department will provide observations/directions for non-compliant areas or areas requiring further compliance in the portal itself, and branches must submit compliance for those observations. Any delay in reply is to be escalated to EVP-CMD (CQCO), and, at his discretion, may refer serious irregularities to EVP (Credit)

(e) Off-Site Surveillance:

Credit Monitoring Department shall carry out off-site surveillance on an ongoing basis to monitor the operations of large borrowal accounts with the **exposure of ₹1.00 crore and above on random basis** to identify the deficiencies, if any, through Core Banking System and communicate the deficiencies to the concerned Branches / Regional Offices / Credit Department to take appropriate/corrective measures in time to avoid the recurrence of such shortcomings and keep the accounts as regular and standard always. The Rectification Report should be submitted by the branches to the CMD within one week of the Report date, with a copy to the Regional Office.

The areas covered under off-site surveillance:

(i) Critical Features:

1. Routing of entire business transactions in the principal borrowal account.
2. Analysis of account turnover.
3. Funds transfer, if any, i) to Sister Concern's / Partner's / Director's personal accounts, ii) funds to the borrower's accounts maintained with other Banks through RTGS, NEFT & Clearing and iii) transfer of funds to the beneficiaries who are not related to the business/trade.
4. Frequent/massive Cash withdrawals in the borrowing account.
5. Passing of cheques favouring other Financial Institutions/ Banks.
6. Return of cheques issued by the borrower for want of funds in the borrower's account.
7. Verifying the availability of drawing power for the balance outstanding.
8. Servicing of periodical interest in Working Capital limit accounts and principal with interest in case of Term Loan accounts.
9. Reviewing/renewing the working capital limits promptly.
10. Execution of loan documents for renewal of limits.
11. Verifying Unique Customer ID for all the accounts of a single borrower.

12. Position of realisation of Cheque / DD, Inland/Foreign bills drawn under ILC/FLC purchased.
13. Ensuring the adequacy of insurance cover for both primary and collateral securities.
14. Registration of the bank charges with the ROC.
15. Advising the branches to instruct the Cash Credit / Overdraft borrowers who are also maintaining a separate Anywhere current account to change the Cash Credit / Overdraft account to an Anywhere CC/OD account by closing the existing Anywhere current account.
16. Same value of Stock/Book Debt entered in the HCLM menu & Book Debt statements not obtained, but the value entered as ₹1 in the HCLM menu.
17. EWS triggers generated in the borrowal accounts.
18. Limit Node Details (LNM)
19. Purification of MIS details.
20. Verifying Rating Expired, Rate of Interest Details, V' code details
21. Crystallisation of ILC/FLC Bills & Invoked Bank Guarantee
22. Scrutinising the CRILC Report of the borrower.
23. Follow-up for obtaining FC and compliance for various audit reports.

(ii) Non-Critical features:

1. Ensuring the reason for the creation of Temporary OD in the Finacle system.
2. Delay, if any, in submission of Stock / Book Debts statements.
3. Wrongly entering the date of receipt of Stock / Book Debts statements in the Finacle system.
4. Verifying the personal details entered in the HACM menu and CRM menu.
5. Verifying the entry of particulars of securities, insurance and inspection in the HCLM menu in the Finacle system.
6. Verifying the details of Immovable Asset / Other Asset, which are obtained as Collateral in the Finacle system.
7. Verifying that the Borrowers/Guarantors account is linked with the loan account.
8. Verifying that the Term loan account is linked with the operative account.
9. Advising the branches to update the Group ID for the Group Concern Accounts.

(iii) Reporting of Off-Site Surveillance:

1. Any specific issue to be taken up with EVP – CMD (CQCO) and a note to be placed to MD & CEO.
2. Credit Monitoring Department has to place an off-site surveillance report to the Audit Committee of the Executive, reporting the status of accounts sanctioned by the Board of Directors/ MCB once a quarter.
3. The progress of Off-site surveillance is reported to the Executive Vice President, Credit Monitoring Department, once a month.
4. The area covered under Off-site Surveillance Audit has been segregated into critical and non-critical features as stated above and communicated to Branches with a copy to the Regional Office for better monitoring.

(f) Monitoring of Non-Renewal of Working Capital Limits:

CMD shall submit a Note to the Management Committee of the Board every month regarding the Non-Renewal of Working Capital limits of all the Branches, with break-up particulars of the non-renewal of borrowal accounts having credit limits of ₹1.00 Crore and above.

CMD shall assist the branches in the following ways to reduce the non-renewal of working capital limits: -

i. At the beginning of every quarter, the list of Working capital accounts for which the due date is going to expire within 3 month period shall be generated and sent to all the branches, with a copy to the Regional Office, with instructions to renew the limits within the due date.

ii. Identifying the non-renewal of working capital accounts through Credit Audit Report, Offsite Surveillance, Monthly Monitoring Reports of ₹3.00 crore & above and advising the concerned branches to renew those accounts immediately. To facilitate this, a reporting menu in the MIS portal has been implemented.

iii. Sending letters to Regional Heads every month by comparing the positions of Non-renewal accounts with advice to achieve the Bank's Corporate Goal of 'NIL' Time lag accounts position.

iv. E-mail and SMS alert messages are sent to the borrowers whose working capital accounts (₹10.00 lakhs and above) are going to expire within 30 days.

v. Integrated Back Office (IBO) is sending Renewal Notice to borrowers every month, 3 months in advance for the working capital facility/ies of ₹10.00 lakhs and above.

vi. Simplified Renewal / Review Process Module for the existing credit limits sanctioned under Scheme / Non-Scheme Loans for borrowers with exposure up to ₹1.00 crore has been implemented w.e.f.15.03.2024 as permitted in the Board Meeting held on 03.01.2024, in MIS – Dashboard Application, should be effectively utilised to achieve the Real Time Renewal.

(g) **Maintenance of Cash Credit Accounts, Current Accounts and Overdraft Accounts by Banks:**

The revised framework aims to strengthen credit discipline, improve monitoring of fund flows and prevent diversion of funds.

(A) <u>Cash Credit Accounts:</u>

- **A Cash Credit (CC) account operates differently from a Current Account / Overdraft Account.**
- **It is a working capital facility, linked to the borrower's Current Assets.**
- **We may provide such Cash Credit facilities based on the borrower's needs, without any restriction under this framework, subject to Credit appraisal norms.**

(B) <u>Opening of Current Accounts and OD Accounts:</u>

<u>(i) Customers whose aggregate exposure is less than ₹10.00 crore in the Banking System:</u>
A bank may maintain a current account or OD account without any restriction for customers whose aggregate exposure to the banking system is less than ₹10 crore.

***Explanation (1)*: 'Banking System' for this Chapter shall include Commercial Banks (including Small Finance Banks, Local Area Banks, and Regional Rural Banks, but excluding Payments Banks), Urban Co-operative Banks and Rural Co-operative Banks (State Cooperative Banks and Central Co-operative Banks).**

***Explanation (2)*: 'Exposure' for this Chapter means the sum of all sanctioned fund-based credit facilities and non-fund-based facilities availed by the borrower from the banking system.**

<u>(ii)Customers whose aggregate exposure is ₹10.00 crore or more in the entire banking system:</u>

(1) (a)Bank may maintain Current Accounts or Overdraft Accounts as per the needs of the customer, provided that the bank (our Bank) has either:

(i) A minimum 10 per cent share in the banking system's aggregate exposure to the borrower.

(or)

(ii) A minimum 10 per cent share in the banking system's aggregate Fund-Based exposure to the borrower.

***(b)Provided that,* in case no bank within the banking system (including our Bank) meets the above criteria, or only one bank meets the above criteria, two banks from the banking system having the most significant exposures to the borrower may maintain current accounts or OD accounts.**

(c)Provided further that, **in a case where only one bank within the banking system (including our Bank) has any exposure to the borrower, one more bank of the customer's choice within the banking system may maintain current accounts, subject to furnishing of a no-objection certificate (NOC) from the bank that has the exposure to the borrower.**

(d)Provided further that, **in case no Scheduled Commercial Bank (SCB) (including our Bank) meets the above criteria. Still, the borrower desires to have a current account with an SCB; such borrowers may maintain a current account with any one SCB of their choice, subject to furnishing NOCs from all lending banks within the banking system.**

(2) A Bank (may be our Bank) not meeting the above-mentioned eligibility criteria (Point No.1) may maintain only Collection Accounts. Collection Account, for the purpose, means a current or OD account used primarily for the receipt of cash inflows of the accountholder. Restricted payments/cash outflows from such account shall be subject to the following conditions:-

(a) Funds credited into a collection account shall be remitted within two working days of receipt of such funds to a CC account, current account, or OD account maintained with any bank in the banking system and designated by the borrower for this purpose (hereinafter referred to as 'designated account').

(b) Any disbursement of overdraft limit from an OD account, which is like a collection account, shall be through the designated account only. Provided that statutory dues such as taxes, and dues, if any, to the bank maintaining the collection account may be debited before remitting the funds.

(3)With a view to ensuring credit discipline, additional covenants may be included in the loan agreements in mutual agreement with borrowers*.*

<u>(C)Exemptions:</u>

These directions shall not apply to the accounts mentioned below:-

(i) Accounts opened as per the provisions of the Foreign Exchange Management Act, 1999 (FEMA) and notifications issued thereunder, including accounts mandated for ensuring compliance under the FEMA framework.

(ii)Specific accounts or transactions which are stipulated under a statute or a specific instruction of a financial sector regulator, or the Central Government or a State Government.

***Explanation*: 'Financial sector regulator' for the purpose refers to the Reserve Bank of India (RBI), the Securities and Exchange Board of India (SEBI), the Insurance Regulatory and Development Authority of India (IRDAI) and the Pension Fund Regulatory and Development Authority (PFRDA).**

(iii)Accounts of entities regulated by a financial sector regulator, used for the purpose of carrying out their regulated activities.

***Provided that* the above-mentioned exempted accounts shall ensure that transactions in such accounts are used only for the permitted/specified purposes. Surplus funds, if any, in such accounts shall be remitted to the designated account.**

(iv) In some instances, Banks may offer products or services that inherently require routing transactions through a current account maintained with them. In such cases, banks (which are otherwise not eligible to maintain accounts in terms of these Directions may also maintain current accounts), subject to the conditions specified below:

- **(i) Such accounts shall only be opened in accordance with a Board-approved policy for the product/service, which shall detail and justify, inter alia, the necessity of operating these accounts.**
- **(ii)Transactions in such accounts shall be limited to the specified purpose(s). Cash transactions, debits at the discretion of customers, and issuance of instruments like electronic cards and cheque books shall not be permitted in such accounts. Surplus funds, if any, in such accounts shall be remitted to the designated account.**

<u>(D)Compliance Monitoring:</u>

(i)For the purpose of ensuring ongoing compliance with these directions, the Credit Monitoring Department shall monitor accounts maintained with them regularly, and in any case at least once every half-year.

(ii)In case it is observed that a bank is no longer eligible to maintain a current account or OD account opened in terms of these directions due to increase in exposure of banking system to the borrower up to or beyond the specified threshold of ₹10 crore; or due to changes in the bank's share in banking system's aggregate exposure or in aggregate fund-based exposure to the borrower; or due to non-availability of NOC from banks that have exposure to the borrower; then the bank shall notify the customer(s) concerned promptly, and in any case within one month from the date of observing such ineligibility, that the account must either be converted to a collection account or closed. The conversion or closure process shall be completed within

three months of the date on which such ineligibility is observed.

(iii)Accounts opened in terms of these Directions shall be appropriately flagged in the bank's core banking solution (CBS) to ensure clear identification and to facilitate effective monitoring. Banks maintaining multiple accounts for a borrower shall ensure that such accounts, transactions, and cash flows therein are monitored at both the borrower and account levels.

E)Provisions:

(i) It is to be ensured that an account holder utilises their account solely for transactions related to their authorised business or activities. These accounts shall not, under any circumstances, be used as pass-through channels for facilitating third-party transactions.

> ***Provided that*** **entities expressly licensed or authorised by a financial sector regulator to facilitate third-party transactions may continue to do so. However, such activities shall be strictly limited to the specific transactions they are authorised to perform and shall not extend beyond that scope. Any account that has been permitted by the appropriate authority of our Bank to carry out such third-party transactions shall be appropriately flagged in the bank's CBS to ensure clear identification and to facilitate effective monitoring.**

(ii) It shall be ensured that an accountholder, who is not licensed or authorised by the Reserve Bank to accept deposits or to provide payment services, does not engage in such activities through accounts maintained with our Bank.

(iii)Robust monitoring systems shall be implemented to detect the above prohibited usage, including mechanisms to flag accounts exhibiting unusually high transaction volumes, frequent pass-through activities, or inconsistencies between the accountholder's stated line of business and transactions carried out through the account.

(iv)Term loans sanctioned by the bank shall preferably be remitted directly to the intended beneficiary's account(s) or for the specified end-use, where such beneficiary is identifiable, rather than routing the funds through the borrower's account.

F)Periodicity for the review of accounts:

(i) The committee of executives deliberated on the note and accorded approval as stated

therein with the following observations:

For the customers/borrowers having exposure of ₹10 Crore and above from the entire banking system. The following system to be followed

For our Borrowers,

S.No	Credit Limits sanctioned by	Sanctioning authority to accord permission for opening a current Account and Overdraft Account
1.	Up to CMC - HCC	CMC - HCC
2.	RHCC & above	Respective Sanctioning Authority

For non-borrowers, Branches may be permitted to open Current Accounts, Overdraft accounts, or Collection accounts through the Integrated Back Office (IBO) after complying with all guidelines as per the revised RBI directions. Any clarifications required may be escalated to Customer Value Enhancing Department (CVE Department).

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The Credit Monitoring Department shall monitor all current accounts regularly, at least on a half-yearly basis (As per the amended directions (Commercial Banks – Credit Risk Management) Amendment Directions, 2025, notified on 11th December 2025), specifically with respect to the exposure of the banking system to the borrower, to ensure compliance with these instructions.

A status note shall be placed to the Audit Committee of the Board on completion of the half-year end September & March every F.Y. within the next quarter, i.e. before December & June, respectively.

(h) **Loan Review Mechanism (LRM)**:
LRM is an effective tool for continuously evaluating loan quality, driving qualitative improvements in credit administration, assessing the performance of borrowing accounts vis-à-vis projections, and indicating the direction of risk migration.

I. Scope of Review:

i. The main objectives of the review under LRM are to pick up warning signals from the loans, including **Non-Investment grade** below RTMB 6, and suggest remedial measures, besides providing the top management with information in credit administration, including credit sanction process, risk evaluation and post-sanction follow-up.

ii. It is to be carried out with risk perception and emphasis on possible movement of risk factors under management, financial, industry and Government Policy.

iii. As per RBI direction, at least 40% of our Standard Advance portfolio should be subjected to LRM review once a year. The Loan Review Mechanism (LRM) Committee was revamped by including the Chief Risk Officer of the Risk Management Department as a mandatory member under the Credit Monitoring Policy 2023-24, and meetings are held once a quarter to ensure effective monitoring.

iv. **The details of the Early Warning Signals (EWS) risk score and triggers generated should be captured and mandatorily considered during the scrutiny of all borrower accounts under the Loan Review Mechanism**.

v. Loan Review Management Committee:

As a measure of implementing the Loan Review Mechanism, a Loan Review Management Committee is set up to undertake review of borrowal accounts:-

1. With the credit limits of ₹5.00 Crore and above, inclusive of Non-fund based advances:-
For credit limits of ₹5.00 crore and above, inclusive of non-fund-based advances, will be reviewed at the Head Office by the Committee consisting of the following members:-

Committee Chairman	Executive Director
Convener	DVP or AVP (CMD)
Committee Members	Executive Vice President -CMD (CQCO) Executive Vice President (Credit) Executive Vice President (CRO) Vice President (Credit) Executive Vice President (CCO)
Quorum (4 members)	Executive Vice President - (CMD) (CQCO) EVP (Credit) or VP (Credit) Executive Vice President (CCO), Executive Vice President (CRO)
Frequency of the meeting	Quarterly

LRM Reporting

The minutes of the meeting, along with the adverse feature noticed, if any, should be reported to the Executive Vice President, Credit Monitoring Department, within the succeeding month of the quarter end, and an information note should be placed in CRMCE in this regard**.** Based on the number of accounts, the meeting frequency will be determined to complete the review of all eligible accounts.

Also, the LRM at the RO level shall be dispensed with due to the following facts:
(i) The system of LRM was implemented as per RBI notification dated 21st October 1999 regarding Risk Management System in Banks, which was subsequently strengthened by implementing the EWS mechanism in Banks.

(ii)All exposures of ₹1.00 crore and above are under the ambit of the robust new EWS mechanism - RT360.

(iii)The system of committee approach sanction was implemented at all ROs w.e.f. 20/08/2025.

(iv) The Credit Appraisal Memorandum (CAM) with the following threshold limits are scrutinized and observations given by our Credit Review Department (CRD)

(1)For all Fresh/enhancement credit proposals of ₹ 3.00 crore and above, the observations are vetted by our Credit Review Department (CRD).

(2)For all exposure ₹1.00 crore & above but less than ₹3.00 crore:
(a) Proposal secured under the CGTMSE or the Hybrid model.
(b)Comes under the discretionary powers of EDCC, MDCC, MC of the Board and the Board.

(i) **Takeover of accounts from other banks**:
Due to the RBI's deregulation of interest rates and other guidelines, banks offer different interest rates on loan products, making it easier for borrowers to switch between banks. Bank/ Branches shall be very selective in taking over accounts from other banks, given the inherent risks involved.

Review of taken-over accounts:

Regional Office/CMC - Monitoring Vertical should review the accounts taken over within 3 months of the disbursement date. The review reports for all accounts taken over in a quarter should be submitted to the Credit Monitoring Department by the end of the following month. The Credit Monitoring Department shall place a note before the Audit Committee of Executives (ACE) on the adverse features observed in the takeover review report within the next quarter.

Regional Office/CMC - Monitoring Vertical should also submit a consolidated report on movement in asset quality, non-compliance with material sanction covenants, and the review of quick mortality cases, etc., of the takeover accounts during the first year of disbursement of the takeover to the Credit Monitoring Department within one month of the end of the financial year. A note on the consolidated Review Report shall be placed before the Audit

Committee of the Board (ACB) for information annually within 1st quarter of the next financial year.

Branches should submit the review reports for the taken-over accounts with credit limits of ₹10.00 lakhs and above (including non-fund-based limits) to the Regional Office / CMC - Monitoring Vertical once in a quarter during the first year of takeover.

(j) Coverage of Unit Verification:

The unit visit is one of the foremost requirements of credit monitoring to ensure that the borrower

i. is running his business smoothly.

ii. is maintaining adequate stock/ book debts towards the drawing power in the Cash Credit/Overdraft/Key Loan/PCL/FLC/ILC, etc., and to cover our exposure adequately.

iii. About financing for acquisition of fixed assets such as plant & machinery, other equipment, etc., it should be ensured that the assets purchased out of bank finance are purchased, installed and utilised for the purpose for which they are intended.

a. Periodicity of Unit Verification**:**

The Branch Officials should verify stocks and machinery on a rotational basis.

Periodicity	**Description of Limits / Asset Nature**
Monthly	**All FB & NFB Working Capital wherever chargeable current assets in the form of stock and book-debts are available.**
Quarterly	**Overdraft accounts (except Gold OD, LAP OD, Deposit OD)**
Quarterly	**Plant & Machinery and Equipment**
Yearly	**Commercial / Personal Vehicles**

The Branch Head shall undertake a unit visit and verification of stock at least once in a quarter, including the upcountry stocks, without any omission. For upcountry godowns, the sanctioning authority should assign the unit visit to the local Branch Head / Due Diligence Officer in the sanction letter itself.

b) In case of Branches headed by a Single Officer cum Branch Head and branches provided with only one officer, to protect the bank's interest and to ensure the mitigation factors of credit risk involved in the process, the periodicity for allotment of unit/godown visit is revisited as under: -

Allotment of unit/godown visit:

Branches with	**Periodicity for Rotation**	**Alternate Arrangement**
Single Officer cum Branch Head.	Done by a Single Officer cum Branch Head	Officials from the Regional Office will conduct Quarterly compliance checks for exposures of ₹50.00 lakhs and above.

Branch Head and Single Officer	Alternatively, by BH in one month and Officer in the next month	Not required
Branch Head and two or more Officers	The Officer once a month and the Branch Head once every 3 months. Alternatively, the other Officer is to be rotated at the end of every quarter.	Not required

- **For Scheme loans, the unit visit should be conducted by authorised officials in accordance with the respective scheme guidelines.**

(i)TMB Easy Cash:

For all business loans, the borrower's place of business shall be visited at least once a year. However, for loans availed for personal purposes, a business place visit is not required.

(ii)TMB Smart Business Loan:

The authorised officials of the Bank should visit the borrower's place of business/godown at least once a year. If the account falls under the SMA1 category, the visit should be conducted monthly until the following review. Subsequently, the reviewing authority will decide whether to continue the monthly unit visit.

- **In addition to the above, for borrowers with total exposure of ₹10 crore or above who have been continuously in the SMA 1 and SMA 2 categories for more than 3 months, the unit verification shall be carried out by Executives (AVP and above) from the CMD once a year. A detailed visit report should be submitted to the Managing Director & CEO through the Executive Director.**

a. Submission of Unit Verification Report:

The unit verification details are entered in the MIS portal by the 7th of the succeeding month, along with the mandatory Geo Tag Image for units with credit limits of ₹50 lakhs and above. Any adverse features noticed should be taken up with the branch immediately by the Regional Office for remedial action.

The consolidated unit verification statement should be generated by the Credit Monitoring Department in the MIS Portal on the 15th of the succeeding month. Adverse features, if any, should be taken up with the concerned Branch through the Regional Office for following up on remedial action for the adverse features/deficiencies identified.

Excess drawings, if any, noticed during unit verification should be recorded. Now, the bank is accepting system-confirmed information for verification**.** If there is no primary security available for the advances availed by the borrowers, the Branch should immediately bring this to the notice of the CMD through the concerned Regional Office. CMD should place an information note to the ACB with the details of the course of recovery action taken in such accounts once a quarter.

(k) High Value Transactions:

(a)High-value cheques of ₹10.00 lakhs and above, issued in favour of individuals, other banks, associate concerns, financial institutions (FIs), unrelated parties, partners or proprietors' personal accounts, shall be escalated by the Service Branch, Chennai, through email.

(b)Such cases shall be scrutinised by the Credit Monitoring Department (CMD). CMD shall verify and ensure the purpose and legitimacy of the cheque issuance, in line with the applicable internal guidelines and regulatory requirements.

Moreover, data on daily debit/credit transactions of ₹50.00 lakh and above posted on the MIS Portal is to be scrutinised every day by the CMD for genuineness. In case of doubt, a trigger shall be escalated in the MIS Portal to the concerned Branch Head and the concerned Regional Office / CMC – Monitoring Vertical, and in turn, the Branch Head has to attend to the triggers so escalated for the genuineness of transactions and Credit Monitoring Department should ensure and follow up with the Branch Head in this regard till closure of triggers. Triggers are to be closed within 24 hours of generation.

Two-Tier Authorisation for High-Value Transactions:

As per the directions given by the Fraud Monitoring Committee of the Board meeting held on 24th September 2022, to mitigate unusual transactions unrelated to the business, i.e., Group accounts and individual Cust IDs linked to borrowal accounts, and to prevent fraud, a two-tier authorisation system was implemented on 28th July 2023. Further, as per the permission accorded by the Committee of Executives (COE) at its meeting held on 2nd June 2025, a revised structure was adopted to enhance control and ensure uniformity. Two-tier authorisation for all fund transfers (related and unrelated parties) exceeding ₹50.00 lakhs was implemented on 10.07.2025.

(l) Follow-up of Overdue Bills:

Bills that are not closed on the due date shall be followed up on daily. Deficiencies, if any, shall be reported to the branches for immediate rectification. Details of overdue bills shall be reported to the Executive Vice President - CMD (CQCO) daily.

8. Monitoring of Stressed Assets

(a) The accent is on preventing slippages and identifying possible incipient sickness at the earliest opportunity to help a systematic/prioritised approach, a granular segregation of irregular accounts, well before they reach the Sub-Standard stage, is being introduced, based on Health status and the duration of irregularity, as follows:

(i) **Standard Assets:**
- All Regular Accounts.
- Irregular Accounts (SMA Accounts)

SMA Sub-categories	Basis for classification - Principal or interest payment, or any other amount wholly or partly overdue between
SMA-0	1-30 days
SMA-1	31-60 days
SMA-2	61-90 days

In the case of revolving credit facilities (Working Capital Limits) like Cash Credit, Overdraft, Running Packing Credit, etc., the SMA sub-categories will be as follows:

SMA Sub-categories	Basis for classification - Outstanding balance remains continuously in excess of the sanctioned limit or drawing power, whichever is lower, for a period of:
SMA-1	31-60 days
SMA-2	61-90 days

(ii) **Sub-standard Assets**: Slipped below standard assets by being irregular for more than 91 days.

(b) Default:

i. Non-payment of debt when any instalment of the debt has become due and payable and is not paid by the debtor.

ii. For revolving facilities like Cash Credit and Overdraft,

a) the outstanding balance remaining continuously in excess of the sanctioned limit or drawing power, whichever is lower, for more than 30 days.

b) No credit operations for more than 30 days.

c) Credits are not enough to cover the interest debited for the previous 90-day period, which also includes the day for which the day-end process is being run.

iii. Non-submission of stock statements/ other stipulated operation control statements.

iv. Non-renewal of facilities based on audited financials for more than 90 days.

v. Devolvement of Deferred Payment Guarantee (DPG) instalments or Letters of Credit (LCs) or invocation of Bank Guarantees (BGs) and their non-payment.

(c) Approach

The bank's approach relating to irregular accounts and their resolution will include the following:

i. Creating a Database.

The list of distressed assets is extracted from FINACLE and deployed in the MIS portal. All Branches/ROs/CMCs/Departments at HO shall utilise the reports available in the MIS environment for follow-up and upgradation. The database will be updated on a T+1 basis. Database creation and maintenance shall be handled by the MIS Department, with support from the IT Department.

List of Reports / Work Flows available to Branches / Region / CMC in MIS Dashboard →CREDIT MONITORING

(a) Irregular Date-wise, customer-wise, account-wise, account-wise (MIS-Code), Customer View
(b) Special Mention Accounts Date-wise, customer-wise, account-wise, account-wise (MIS-Code), Potential NPA summary, Consolidated Reason-wise, SMA with multiple reasons, Customer View, Comparative Position, SMA Movement
(c)Potential NPA Report Irregular Accounts Out of order Accounts
(d) Verge of NPA Report Date-wise, customer-wise, account-wise, account-wise (MIS-Code), Verge of NPA summary, Consolidated Reason-wise, Verge of NPA with multiple reasons, Customer View, Comparative Position, etc.
(e) Demand dues for the Next 30 Days TL Demand Dues next 30 days, JL Demand Dues next 30 days, RPC Demand Dues next 30 days, and Diminishing OD Dues next 30 days.

(f)Probable Interest Probable interest in OD/CC accounts and Probable interest in Non-EMI TLs.
(g)SMA Feed Back by Call Centre Feed Back Entry and Feed Back Report

ii. Follow-up of Special Mention Accounts:

The follow-up system for SMA 0 accounts is implemented (Principal/interest payment not overdue for more than 30 days, but the account shows signs of incipient stress), in addition to the regular follow-up of SMA1 & SMA2 accounts. When the raised demand is satisfied within 30 days, the recovery system becomes healthy and stabilised. It also effectively educates borrowers, ensuring healthy operations.

The Branches are advised to generate daily reports for SMA0, SMA1 & SMA2 for all Term Loan and Working Capital Loan accounts.

The Regional Offices/Collection Officers at CMC shall also generate SMA data from the MIS portal and shall follow up on the recovery process undertaken by the branches.

Identification of SMA:

a. Based on SMA Classification, the borrowal accounts shall be flagged at the day-end of that calendar date.
b. Core Banking System (CBS) shall be used for all exposures of loans and advances.
c. The Early Warning Signals software shall also be used for the aggregate exposure of ₹1.00 crore and above.
d. The irregular accounts may not exhibit any specific parameter/parameters. To help identify illness, a comprehensive parameter matrix may be needed.

SMA above ₹1.00 crore:

The Credit Monitoring Department shall take a report of SMA0 & SMA1 on a fortnightly basis and submit the same to the Committee of Executives for direction, and submit the report of SMA0, SMA1 & SMA2 along with action taken to the NPA Monitoring Committee of the Board **every quarter**.

In addition to the exposure of ₹1.00 crore and above, the CMD is also intimating the branches of the overdue amounts of SMA2 accounts with a limit of ₹25.00 lakh and above once a month, with the instruction to recover the overdue amount, with a copy to the Regional Office/CMC.

The stressed accounts are identified and are being closely monitored by the Credit Monitoring Department, and the accounts that remain continuously under stressed assets are placed before the COMMITTEE OF EXECUTIVES by the Credit Monitoring Department. The Credit Monitoring Department will be responsible for following up with branches to link the operative account to the loan account to reduce SMA accounts.

The permission shall be obtained by the branches from the Credit Department for doing the following transactions in SMA2 accounts:

- The accounts of the borrower reported as SMA2 as per the report of other Bank/s on the **CIMS** Platform should be immediately frozen, and any debit operations on the account exceeding ₹5.00 crore should be carried out with the Credit Department's permission**. The CMD should place a note before the Committee of Executives**.

- For the opening of an LC of an SMA2 reported account, prior permission should be obtained from the Credit Department.

Prevention is better than a cure. Hence, the Bank implemented the follow-up system for SMA 0 accounts (Principal/interest payment not overdue for more than 30 days but showing signs of incipient stress), in addition to the regular follow-up of SMA1 and SMA2 accounts.

(d) Sensitising Staff

To encourage operating officials to take quick action and to draw adequate and appropriate plans for resolving the situation/rehabilitate the stressed assets, in addition to letters, the Bank shall hold seminars for officials/ controllers/ inspection department officials to explain the category, the signals to look out for, and the expected approach. If necessary, short-term training programs will also be organised. As a gesture of encouragement, staff who have demonstrated high efficiency in monitoring will be recognised with a certificate and/or a note in the performance report.

(e) Method of Resolution

These will vary and will be unique to the borrower involved. Their intensity will relate to the problems identified. For example, a transient problem caused by inconsistent cash flow or paucity in adequate liquidity (caused by, say, delays in bill payments, unexpected exigencies like payment of additional wages/statutory dues/ spurt in cost of inputs etc.) and which may get evened out over a relatively quick period of time may be met through injections of Adhoc funds, restructuring of the stipulated repayment program in the term loan and changes in the composition, of the working capital loans, reduction in margins etc.

If the cause relates to the neck production process, a lack of equipment, etc., that may be rectified by sanctioning appropriate term loans.

If an inherent severe sickness is indicated, that would require deeper analysis and planning.

Where a Management deficiency is seen, counselling or the imposition of stiff covenants may be needed.

EXIT from Bank exposure may also be necessary if the problem is not amenable to resolution within a reasonable period.

(f) Formation of Committee

To boost proactive remedial measures for the early regularisation of stressed assets and for monitoring, a committee shall be formed at the Regional Office level / Collection Officers Team at CMC.

Special Mention Accounts up to ₹1.00 Crore.

i. These shall be identified and monitored by the respective Regional Office / Collection Officers Team at CMC.
ii. The Assistant Vice President designated for this task at the RO will collate a list of all stressed accounts in the region branches by applying the parameters listed.
iii. The collated list shall be tabulated with all essential data like the particulars of the unit identified, position of accounts, the date from which the account is irregular, the possible reason, etc.
iv. The Regional Head will constitute a 'Regional Monitoring Committee' (RMC) comprising the RH, AVP, the BH concerned, the Credit Officer and, wherever necessary, the Law Officer.
v. The RMC shall meet once a month, on the 7th, or earlier/more frequently when necessary; its quorum shall be three members.
vi. The RMC will discuss each unit in detail, involve the client and develop a plan for resolving the problems/rehabilitation.
vii. The RH will submit the financial package so devised before the appropriate sanctioning authority.
viii. The branches will operationalise the package quickly. The Branch Head will also initiate discussions with the client.
ix. The RH will monitor the progress of each unit closely.
x. The RH will place a monthly report to the Credit Monitoring Department at the Head Office on the details of the meetings held, the packages evolved for each unit, sickness identified, reasons found, and the implementation effected.
xi. The Officials from the Inspection Department will verify the effective functioning of the Committee and the progress made in each package.

(g) Monitoring of Large Value Borrowal Accounts with exposure of ₹5 crore and above:
The Reserve Bank of India has given various guidelines on "Early Recognition of Financial Distress, Prompt Steps for Resolution and Fair Recovery for Lenders: Framework for Revitalising Distressed Assets in the Economy". These guidelines shall also apply to lending under Consortium and Multiple Banking Arrangements. The gist of the guidelines is listed below for the usage of the Branches in effective monitoring of large borrowing accounts.

(i) Reporting of SMA accounts:

(a) The Borrowers having aggregate fund-based and non-fund-based exposure of ₹5.00 crore and above with the Bank have come under the purview of monitoring and mandatory reporting to RBI.

(b) RBI has formed the Central Repository of Information on Large Credits (CRILC) to collect, store and disseminate credit data to Banks.

(c) The bank should report Credit Information, including classification of an account as SMA, to CRILC on all borrower entities having aggregate exposure of ₹5.00 crore and above with the bank in the CIMS (Centralised Information Management System) online Portal. The CRILC – Main Report must be submitted monthly, effective April 1, 2018.

(d) In addition, the Bank has to report a list of defaulted borrowers (SMA-0, SMA-1, SMA-2 and NPA) to RBI every week on every Friday on or before Wednesday of the following week as per RBI Master Direction on Filing of Supervisory Returns dated 27.02.2024.

(e)The Bank has to report a list of borrowers of aggregate exposure of ₹5.00 crore and above (SMA-0, SMA-1, SMA-2 and NPA) moving out of the default to RBI every week basis with effect from February 23, 2018.

(ii) Adoption of Guidelines on Revitalising Distressed Assets by RBI:
The quantum of SMA2 accounts in the total SMA account is also on the higher side. Hence, recognising the importance of managing distressed assets, as per RBI guidelines, the Bank has implemented "Early Warning Signals" to detect fraud early and prevent **bad debt.**

Loans arising out of fraudulent activities are detailed separately. The Credit Monitoring Department shall follow the RBI guidelines on large borrowal accounts and monitor them effectively to keep the quantum of distressed large borrowal accounts at a lower level.

9. Early Warning Signals (EWS) / Red Flagged Accounts (RFA):

9.1.Early Warning Signals (EWS)

Early Warning Signals indicate potential problems in the accounts. It enables the identification of the borrower accounts that show signs of credit deterioration and need remedial action.

The automated EWS for borrowing accounts was implemented at the Bank on 01.07.2021. The threshold exposure has been reduced to ₹1.00 crore and above w.e.f. June 28, 2023.

As per RBI Master direction Ref.No.RBI/DOS/2024-25/120 DOS.CO.FMG.SEC.No.7/23.04.001/2024-25 dated July 15, 2024, on Fraud Risk Management, to further enhance the EWS mechanism and to improve integrity and robustness, preventing fraudulent activities through the banking channel, the Bank has tied up with a new vendor, M/S.BCT Digital Pvt Ltd (Bahwan Cyber Tek) deployed the RT360 software, which went live on 15 May 2025.

9.2 Red Flagged Account (RFA):

A Red Flagged Account (RFA) is one where a suspicion of fraudulent activity is raised by the presence of one or more Early Warning Signal (EWS) indicators. These signals in a loan account should immediately put the bank on alert regarding a weakness or wrongdoing that may ultimately turn out to be fraudulent. The bank must use EWS as a trigger to launch a detailed investigation into an RFA.

9.3.Objectives

The objective of this framework is to direct banks' focus to aspects related to prevention, early detection, and and prompt reporting to the RBI. Accordingly, the concept of Red Flagged Account (RFA) and Early Warning Signals (EWS) has emerged.

9.4. Governance Structure:

(a) The framework for Early Warning Signals (EWS) and Red Flagging of Accounts (RFA) shall be under the overall Fraud Risk Management Policy approved by the Board.

(b)The Risk Management Committee of the Board (RMCB) shall oversee the effectiveness of the framework for EWS and RFA.

(c) The Senior Management shall be responsible for the implementation of a robust Framework for EWS and RFA within the bank.

(d)The EWS indicators identified for monitoring credit facilities/loan accounts and other banking transactions shall be approved by the RMCB.

(e) Appropriate Turnaround Time (TAT), preferably not more than 30 days, for examination of EWS alerts/triggers shall be prescribed by the RMCB.

(f) RMCB shall review the status of red-flagged accounts, including the EWS alerts/triggers and remedial actions initiated by the bank, **every quarter** as approved by the Board.

(g)The EWS / RFA framework shall be subject to suitable validation in accordance with the directions of RMCB to ensure its integrity, robustness and consistency of the outcomes.

(h) **The criticality of EWS triggers shall be reviewed yearly to ensure their continued relevance and effectiveness in identifying potential risks.**

(i) The Early Warning Signals (EWS) framework shall be subjected to independent validation: Whenever any material modification/enhancement/parameter change is carried out in the EWS framework, at least once a year, irrespective of modifications.

9.5.EWS / RFA Framework:

The Bank shall provide for, among others:

(i) A system of robust EWS which is integrated with Core Banking Solution (CBS) or other operational systems;

(ii) Initiation of remedial action on alerts/triggers from the EWS System promptly;

(iii) Periodic review of credit sanction and monitoring processes, internal controls and systems;

(iv) Effective use of the Central Repository of Information on Large Credits (CRILC) database and the Central Fraud Registry (CFR)

9.6.EWS / RFA Framework for Credit Facilities / Loan Accounts

(i)The EWS system in the Bank shall be comprehensive and designed to include both the quantitative and qualitative indicators to make the framework robust and effective. The broad indicators that the EWS system may illustratively capture could include transactional data from accounts, borrowers' financial performance, market intelligence, borrowers' conduct, etc.

(ii)Data Analytics and Market Intelligence (MI) Unit:

Bank shall set up a dedicated Data Analytics and MI Unit keeping in view their size, complexity, business mix, risk profile, etc. Such Unit shall facilitate collection and processing of relevant information to enable an early detection and prevention of potentially fraudulent activities.

(iii) Generation of EWS alert(s) / trigger(s) shall necessitate examination whether the account needs to be red flagged and consequently, investigation from potential fraud angle.

(iv)An account meeting the CRILC reporting threshold i.e. Aggregate fund based and non-fund based exposure of ₹3 crore and above for reporting red-flagged accounts / frauds by the reporting entity, once red flagged, shall be reported to the Reserve Bank within seven days of being red flagged.

(v) The Bank had put in place / suitably upgraded the existing EWS system. **Moreover, in order to strengthen the EWS mechanism further, enhancing its integrity and robustness, preventing fraudulent activities through the banking channel, the Bank has tied up M/s.BCT Digital Pvt Ltd (Bahwan Cyber Tek) and implemented rt360 EWS software w.e.f 15.05.2025.**

9.7 List of EWS:

RBI has given an illustrative list of some Early Warning Signals for follow up and also advised the banks to choose to adopt or adapt the relevant signals from this list and include other alerts/signals based on their experience, client profile and business models. The 43 EWS parameter defined by RBI, so complied by a bank would form the basis for classifying an account as a RFA.

The new M/s.BCT Digital Pvt Ltd (Bahwan Cyber Tek rt360 EWS solution, analyses 182 parameters as per the categorization mentioned hereunder:-

S.No	Parameter	No of triggers in rt360
1.	RBI Triggers	48
2.	EASE Triggers	84
3.	Custom Triggers	50
Total		182

The 182 triggers available in the BCT's new rt360 EWS module are furnished in Annexure A.

9.8. Threshold Limit for identifying Early Warning Signals (EWS)

i. The RBI has suggested that the threshold for EWS and RFA is an exposure of ₹50.00 crore or more, irrespective of the banking arrangement (sole banking, multiple banking or consortium). All accounts beyond ₹50.00 crore that are classified as RFA or 'Frauds' must also be reported on the **CRILC** data platform, along with the dates on which the accounts were classified as such.
ii. Further, the RBI has advised the banks that fixing the threshold limit below ₹50.00 crore for monitoring of loan frauds is left to the discretion of the banks. Accordingly, the the Bank has been monitoring loans/advances with exposure of ₹5.00 crore and above since 01.09.2020. Further in the RAR report – for the F.Y. 2021-22, RBI officials have been directed to monitor the accounts below the limit also through the EWS mechanism. Hence, our Audit committee of Board has permitted to cover the Credit exposures of ₹1.00 crore & above in the existing EWS mechanism on 12.06.2023. As per the direction given by Audit committee of Board, the threshold limit has been reduced from ₹5.00 Crore to ₹1.00 Crore in the EWS system with effect from 28.06.2023.

9.9 Committees for classification of Red Flag Accounts (RFA)

As per the guidance of RBI, the following groups were formed in the Bank for this purpose represented by top executives of the Bank.

9.9.1 **Credit Risk Management Group (CRMG)** – Headed by Executive Vice President (CMD) comprising Vice President/ Deputy Vice President/ Assistant Vice President/ Senior Manager, Assistant Manager of CMD.

9.9.2 **Credit Monitoring Group (CMG) Headed by Executive Director (Chairman)** comprising of Executive Vice President (OSD), Executive Vice President (Credit), Executive Vice President (CMD), **VP**/ **DVP (CMD) as Convener**, Chief Risk Officer (Risk Management Department) and Assistant Vice President (CMD) as coordinator.

9.10 Functions of the Groups

9.10.1 Credit Risk Management Group (CRMG):

After full-fledged Automation, the EWS System itself computes Decision Matrix Score based on the 5 Parameters 1) Transactional 2) Financial 3) Non-Financial 4) External and 5) Statistical. Higher the Score, higher is the risk.

(a) A consolidation report on borrowal accounts with Decision Matrix Score from **60% to 100%** shall be discussed in CRMG. The directions from CRMG shall be communicated to branches & Regions and Sanctioning Authority for rectification.

(b) The details of accounts with Decision Matrix Score above **80%** are submitted before the Credit Monitoring Group (CMG).

(c) Fraud cases if any identified by CMG shall be placed to Committee of Executives (COE) for fraud identification and the directions in this regard shall be forwarded to Fraud Risk Management Department (FRMD) for subsequent action.

9.10.2 Credit Monitoring Group (CMG):

The CMG shall take a call on the loan accounts identified by EWS so as to classify the said account as RFA or not, within 30 days. In case the account is classified as RFA, the CMG shall stipulate the nature and level of further investigations or remedial measures wherever necessary to protect the Bank's interest within a stipulated time of not exceeding six months.

(a) After declaring the account as RFA, CMG can also seek advice from the external auditors, including forensic experts or an internal team for Investigations if necessary. **In case of external auditors, the auditors must be appointed after obtaining approval from the MD&CEO based on the quotes provided by various auditors. Further, the auditor must submit the forensic audit report within 30-45 days the same must be clearly mentioned in the contractual agreement with the auditors. In case of internal audit, the reporting timeline of 30-45 days must be complied by the inspectors from the inspection division who is conducting the internal audit. At the end, not exceeding six months**, bank should either lift the RFA status or classify the account as a fraudulent.

(b) The CMG shall classify the account as RFA and the details of RFA accounts shall be put up to MD & CEO on every month. If any Red Flagged account is identified as Fraud account, the same shall be reported to **Fraud Risk Management Department (FRMD)** for their further follow up, reporting and action.

(c) An action taken report on the RFA accounts shall be put up to the Audit Committee of Board with the Synopsis of the remedial action taken together with their current status.

(d) If any account is classified as RFA/ Fraud, the status of such RFA/ Fraud account must be reported to **RBI**, so that other Banks shall get alerted. Within 15 days, the bank shall approach the consortium leader under consortium advance or the largest lender under MBA as the case may be for a JLF meeting for a coordinated legal action.

(e) The Bank shall mark the borrowal account as RED FLAGGED ACCOUNT (RFA) based on either the Early Warning Signals (EWS) or explicit information available including being classified by other bank(s) as RFA.

9.11 Final Decision Matrix (scores)

New Scoring System (rt360)	
Score	**Explanation**
0-20	**Very Low Risk**
21-40	**Low Risk**
41-60	**Medium Risk**
61-80	**High Risk**
81-100	**Very High Risk**

9.12 Reporting of Red Flag Accounts (RFA) to RBI:

(i) In case of a credit facility/loan account classified as a red-flagged account, banks shall use an external audit or an internal audit as per the Board-approved Policy, for further investigation in such accounts

(ii)The decision to classify any account, either standard or NPA, as a red-flagged account shall be at the individual bank level, and such bank(s) shall report the status of the account to **RBI** immediately (not later than seven days from date of classification as red-flagged account)

(iii)The bank (in case of sole lending) or the individual banks (in case of multiple banking arrangement or consortium lending) shall ensure that the principles of natural justice are strictly adhered to before classifying / declaring an account as fraud.

(iv)Once an account has been red-flagged, the entire process of classification of the account as fraud or removal of red-flagged status shall ordinarily be completed within 180 days from the date of first reporting of the account as red-flagged on the **CIMS** platform. Cases remaining in red-flagged status 180 days shall be reported to the **Special Committee of the Board for Monitoring & Follow-up cases of Fraud (SCBMF)** for review with adequate reasoning / justification thereof. Such cases shall also be subject to supervisory review by the Reserve Bank.

(v)In case an account is identified as a fraud by any bank, the borrowal accounts of other group companies, in which one or more promoter(s) / whole-time director(s) are common, shall also be subjected to examination by banks concerned from fraud angle under these

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Directions.

(vi) In cases where Law Enforcement Agencies (LEAs) have suo moto initiated investigation involving a borrower the account, bank/s shall immediately red-flag the account and follow the usual process for classification of account as fraud and complete the same within the stipulated period as specified in Fraud Risk Management Policy of the Bank.

(vii) Banks shall, after complying with the principles of natural justice, report to the Indian Banks' Association (IBA) the details of such third parties or professionals involved in fraud. IBA would, in turn, prepare caution lists of such third parties for circulation among the banks.

(viii) If any account with credit limits of ₹3.00 crore and above is classified as RFA, the status of such RFA account must be reported to **RBI**, so that other Banks shall get alerted. Within 15 days, the bank shall approach the consortium leader under the consortium advance, or the largest lender under the MBA, as the case may be, for a JLF meeting to coordinate legal action.

(viii) In case of Consortium / MBA, the bank should arrive at classifying an account as "Fraud" within 21 days from the Consortium Leader / other banks in MBA have classified those borrowers as fraud.

Moreover, at the end of this timeline, which cannot be 180 days from now, banks should either lift the RFA status or classify the account as fraudulent.

9.13 <u>Penal Measures:</u>

a. Borrowers who have defaulted and also committed a fraud on the Banking System or the Capital Markets would be debarred from availing bank finance from Scheduled Commercial Banks, Development Financial Institutions, Government Owned NBFCS, investment Institutions etc. for a period of five years from the date of full payment of the defrauded amount. After this period, the individual institution decides to determine whether to lend to such a borrower.

b. No restructuring or grant of additional facilities may be made in the case of a Red Flagged Account.

c. No compromise settlement is allowed unless the conditions stipulate that the criminal complaint will be continued.

9.14. <u>Treatment of accounts under Resolution:</u>
In case an entity classified as fraud has subsequently undergone a resolution either under IBC or under the resolution framework of RBI resulting in a change in the management and control of the entity/business enterprise, the bank shall examine whether the entity shall continue to remain classified as fraud or the classification as fraud could be removed after implementation of the Resolution Plan under IBC or aforesaid prudential framework.

This would, however, be without prejudice to the continuance of criminal action against erstwhile promoter(s) / director(s) / person(s) who were in charge and responsible for the management of the affairs of the entity/business enterprise.

The penal measures as detailed in Para 9.13 shall not apply to entities / business enterprises after implementation of the Resolution Plan under IBC or aforesaid prudential framework. The penal measures detailed in Para 9.13 shall continue to apply to the erstwhile promoter(s) / director(s) / person(s) who were in charge and responsible for the management of the affairs of the entity / business enterprise.

10. Identification of a borrowal account as Fraud as per guidelines enumerated in the Fraud Risk Management Policy:

(a) In the case of Red Flagged Accounts, Credit Monitoring Department shall first place a note to the Credit Monitoring Group (CMG) in terms of the Credit Monitoring Policy**. If the external/internal audit report confirms any fraudulent activity in the account, CMG recommends to FRMD for further action.**

(b) **Upon receipt of the minutes of the CMG recommending identification of the account as fraud, FRMD shall analyze the same and place a note before the Fraud Identification Committee (FIC) or the Committee of Executives (COE) within 7 working days from the date of receipt of the CMG minutes from CMD**.

(c) In the case of borrowal account frauds, upon identification of the case as fraud by the Fraud Identification Committee or the Committee of Executives, **Fraud Risk Management Department (FRMD)** shall immediately refer the case to the CMD, for taking actions in accordance with the directions issued by the Hon'ble Supreme Court of India in the matter of providing an opportunity of hearing to the borrowers before classifying their account as fraud. **Thereafter, CMD shall place a note to the Review Committee of the Board on wilful Defaulters and Fraud, for classifying the case as fraud or otherwise.**

(d) Within 7 days from date of receipt of reference from **Fraud Risk Management Department (FRMD),** CMD shall direct the Branch / Regional Office / CMC to issue Show Cause Notice to the borrower entities/ proprietors/ firms/ partners/ Company/ promoters/ directors (excluding non-whole time directors)/ guarantors calling upon them to show cause as to why the account should not be classified and reported as fraud. On the basis of records such as Forensic Audit Report, Internal Investigation Report, RBIA report, minutes of Consortium meetings, etc., Credit Monitoring Department shall draft the Show Cause Notice to be issued and provide complete details of transactions / actions/ events basis, the draft Show Cause Notice to the branch / RO / CMC.

(e) Upon receiving the draft Show Cause Notice from Credit Monitoring Department, branch shall immediately issue the SCN by Speed Post to their address as per KYC records held with the Bank, giving them 21 days' time for submission of response. Replies, if any, received shall be referred by the branch to Regional Office, along with Branch Head's recommendations. Branch shall comply with this within 3 days from the lapse of the given time of 21 days. Branch shall not wait endlessly for receipt of replies from all the persons / entities to whom Show Cause Notice was sent.

(f) Regional Head shall in turn send his recommendations to CMD. This shall be complied with by RO within 3 days from the date of receipt of recommendations from the Branch.

(g) Upon receipt of recommendations from the Regional Office / CMC, CMD shall analyse the replies vis-à-vis the reports and records held with the Bank and place a note to the **Review Committee of the Board on Wilful Defaulters and Frauds (RCWDF)**, for classifying the case as fraud or otherwise. **The entire process is to be completed within six months, in accordance with the prescribed guidelines.**

(h) If the RCWDF confirms the case as one of fraud, the CMD shall advise the same to the Regional Office / **CMC** and the Branch. CMD shall also draft the reasoned order to be sent to the borrowers informing them about the classification of the account as fraud. The Credit Monitoring Department shall send the reasoned order to the branch / RO / CMC within 7 days from the date on which the minutes of the **RCWDF** confirming the case as fraud are received

(i) CMD shall simultaneously remit the case back to the Fraud Risk Management Department, immediately on **RCWDF** classifying the account as fraud. Fraud Risk Management Department (FRMD) shall obtain the **approval of the Executive Vice President (CRO)** for reporting to RBI and ensure that the fraud is reported to RBI forthwith, as per procedure.

(j) Immediately on receipt of the reasoned order from CMD, the branch shall serve the same on the borrower entities/proprietor/ firms/ partners/ promoters / Company/ directors (excluding non-whole-time directors)/ guarantors and confirm the fact of service to the Regional Office / CMC / CMD.

(k) The Show Cause Notice referred to above in point (e), and the reasoned order referred to in point no. (h) shall be sent by the branch to the borrower entities/ proprietor/ firm/ partners/ Company/ promoters/ directors (excluding non-whole time directors) and guarantors by Speed Post. If the Show Cause Notice / reasoned order meant for any of the addressees is returned, branch should take effective steps to deliver the same personally, under signature. Before sending, Branch shall ensure the correct address of the addressees as per the KYC records held with the Bank. If neither postal service nor personal service could be done, branch shall seek the permission of Regional Office for paper publication.

(l) **While seeking Executive Vice President (CRO) approval for reporting a case of Fraud to RBI, the Fraud Risk Management Department** shall also seek and take the specific approval of the MD & CEO for closure of the fraud investigation report about the case. No fraud investigation report shall be treated as closed unless and until the MD & CEO's approval for the same is obtained.

11. Checking MIS Code details

The Credit Monitoring Department must verify the MIS Codes for loan accounts while scrutinising the LDR/CCR for credit limits of ₹1 crore and above. For credit limits below ₹1 crore, Regional Offices must verify the MIS codes while scrutinising LDR/CCR. To ensure correctness, all sanctions should have annexures on the LNM Tree and V Code. To ensure correctness, the options already available in MIS Reports shall be effectively used. Also, any modification to V code is restricted to the Branch User, and the request for modification should be submitted by the Branch to the concerned Regional Office/Operating Vertical at CMC as per the Credit Department Circular Ref: HO.GM.CREDIT.ADV.0049/2023-24 dated 21.12.2023.

12. CERSAI Registration:

The Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI) was established as a Section 8 company by the Government of India for the purpose of registering security interests over movable and immovable assets under the provisions of the SARFAESI Act, 2002. The Central Electronic Registry began operations on 31.03.2011.

Online registration of Security Interests over immovable property under the provisions of the SARFAESI Act 2002 is done through the website www.cersai.org.in. Initially, CERSAI registered only equitable mortgages. Later, its scope was expanded to include hypothecation of movables, security interests under the Companies Act, and assignments of receivables. As per Section 31 of the SARFAESI Act, any security interest created over agricultural land is excluded. Additionally, SARFAESI cannot be invoked for dues that are less than ₹1.00 Lakh. As such, the details of the farm land

and securities of loans below ₹1.00 lac need not be registered with CERSAI.

As per Government Notification dated 26.12.2019, the registration of charges with CERSAI and the priority of charges related to the secured creditor over other government dues (except ESI and EPF) came into force from 24.01.2020. Consequently, penal provisions related to non-registration of charges with CERSAI stand cancelled.

Importance of Registering CERSAI:

I. **Security Interests (SI) not registered with CERSAI would lose priority over the charges registered with CERSAI.**

II. **Unless and until the charges related to movable and immovable securities offered towards the Loan are registered with CERSAI. The Bank cannot proceed under the SARFAESI Act to recover secured properties when the account becomes an NPA. (i.e., the enforcement of Recovery measures under the SARFAESI Act is forbidden for the security for which the SARFAESI Act is not permitted, for the security that is unregistered with CERSAI).**

III. **As per letter No. As per the Legal/CIR dated 12.08.2014, the IBA has suggested that banks must mandatorily conduct a search/verification of the property on the CERSAI portal before considering any loan against property application.**

IV. **This provision would shield Banks and Financial Institutions if attachment orders issued by the government are not registered or registered at a later date in CERSAI.**

User Administration, follow-up and Monitoring mechanism:

The user Administrator at the Credit Department is providing user IDs for users at the Branch Level. Access to the CERSAI 2.0 application requires a valid Digital Signature. There is no Maker-Checker concept in CERSAI 2.0. An authorised user can perform end-to-end transactions.

Hence, it is advised that all eligible mortgages be registered with CERSAI within 7 days of the creation of the equitable mortgage. It is preferable that the charges should be registered on the same day as the EM creation.

After CERSAI registration, the security ID, Asset ID and Date of Registration are to be updated in Finacle (HCLM→Additional Particulars)

If the security is released or the limit is closed in its entirety. In that case, the satisfaction is to be updated in the CERSAI portal, and the same has to be updated in the Finacle HCLM Menu with the date of satisfaction.

Further, to generate reports in MIS for effective follow-up on MODTD, EC, Tax receipt, Insurance, CERSAI capturing, ROC registration, and property revaluation, the reports can be extracted from the workflow in Internal MIS => Asset Management Reports => Security Reports.

CMD shall verify whether the Branches/Operations Vertical at CMC have registered charges in the CERSAI portal for all newly sanctioned/enhanced credit facilities.

Any change in the terms of the security interest, such as a change in asset value, the nature of the security, or an extension of the charge, shall be promptly updated in CERSAI by the respective Branches/Operation Verticals at CMC.

CMD shall place a note on the consolidated Review Report before the Audit Committee of the Board (ACB) for information every quarter.

13. <u>Obtention of Property Tax Receipt:</u>

Hitherto, the Branches have obtained property tax receipts once a year till the currency of Bank Loans. Whereas this is amended in accordance with the Credit Department Circular. Circular No: HO.EVP.CREDIT.ADV.0013/2025-26 dated 12th May 2025 with approval of Board vide this meeting held on 10th March 2025 reads as follows:-

(a)If the forced sale value of the Land & Building Property is below ₹5.00 Crore,

- **immediately at the time of fresh sanction and mortgage of land & building properties with us.**
- **Thereafter, once in every three years till the currency of our advance.**

(b)If the forced sale value of the Land & Building Property is ₹5.00 Crore and above,

- **Mandatory to obtain a property tax receipt once a year.**

Hence, the Branches/Regional Offices/CMCs should meticulously follow the amended guidelines for the obtention of property tax receipts for land & building properties mortgaged with us.

14. <u>Monitoring of Project Financing and DCCO</u>

As per the RBI Notification DOR.STR.REC.34/21.04.048/2025-26 June 19, 2025, on Project Financing Directions, the following aspects are incorporated in the policy, which come into force with effect from October 01, 2025, for effective monitoring of Project Finance and its DCCO.

<u>(i)Project:</u>

Ventures undertaken through capital expenditure (involving current and future outlay of funds) for the creation/expansion/upgradation of tangible assets and/or facilities in the expectation of a stream of cash flow benefits extending far into the future.

Projects typically exhibit long gestation periods, irreversibility, and substantial capital outlays. The predominant source of repayment, as envisaged at the time of financial

closure (i.e., at least 51%), must be from cash flows arising from the project being financed.

All the lenders have a common agreement with the debtor. (Explanation: A common agreement may have different loan terms for each of the lenders, provided the same has been agreed upon by the debtor and all the lenders to the project.)

Minimum exposure per lender: 10% for projects ≤ ₹1,500 crore; 5% or ₹150 crore, whichever greater, for larger projects >₹1,500 crore

<u>(ii)Project Finance</u>
The method of funding a project in which the revenues to be generated by the funded project serve as the primary security for the loan, and also as a source of repayment. Project finance may take the form of financing the construction of a new capital installation (greenfield) or the funding of an improvement/enhancement to an existing installation (brownfield).

<u>(iii)Infrastructure Sector:</u>
The Harmonised Master List of Infrastructure (1. Transport & Logistics, 2. Energy, 3. Water & Sanitation, 4. Communication, 5. Social & Commercial Infrastructure) sub-sectors issued by the Department of Economic Affairs, Ministry of Finance, Government of India, as updated from time to time.

(iv) <u>Phases of the Projects:</u>
Broadly divided into three phases as hereunder: -

(a) **Design phase – This is the first phase, which starts with the genesis of the project and includes, inter alia, designing, planning, obtaining all applicable clearances/approvals till its financial closure.**
(b) **Construction phase – This is the second phase, which begins after the financial closure and ends on the day before the actual DCCO. The interest accrued (IDC) on debt provided by a lender and capitalised during the project's construction phase.**
(c) **Operational Phase –This is the last phase, which starts with the commencement of commercial operation by the project on the day of the actual DCCO and ends with full repayment of the project finance exposure.**

<u>(v)Original DCCO:</u>
The date as envisaged at the time of financial closure, by which the project is expected to be put to commercial use, and the completion certificate/provisional completion certificate, or its equivalent, is expected to be issued to the concessionaire/project developer/promoter.

Provided that **in the case of CRE and CRE-RH projects, the original DCCO will be the**

date on which the Occupancy Certificate, or its equivalent, is expected to be obtained from the competent authority.

(vi)Extended DCCO:
If the original DCCO is revised, the revised DCCO shall be referred to as the Extended DCCO.

(vii)Actual DCCO:
The date on which the project is put to commercial use, and the completion certificate/provisional completion certificate/occupancy certificate (in case of CRE and CRE-RH projects) or its equivalent is issued to the concessionaire/project developer/promoter.

(viii)Credit Event:
Triggered on the occurrence of any of the following:

(a)Default (Non-payment of debt as defined in Insolvency and Bankruptcy Code (IBC), 2016) when whole or any part or instalment of the debt has become due and payable and is not paid by the debtor) with any lender;
(b)Any lender(s) determines a need for extension of the original/extended DCCO, as the case may be, of the project;
(c) Expiry of original/extended DCCO, as the case may be;

(d)Any lender(s) determines a need for infusion of additional debt;
(e)The project is faced with financial difficulty as determined under the Prudential Framework.

Prudential Conditions Related to Disbursement and Monitoring:

(a) Lender shall ensure the availability of sufficient land/right of way for all projects before disbursement of funds, subject to the following minimum requirements:

I. **For infrastructure projects under the PPP model – 50%**
II. **For all other projects (non-PPP infrastructure, and non-infrastructure including CRE & CRE-RH) – 75%**
III. **For transmission line projects, as decided by a lender.**

(b)In case of infrastructure projects under the PPP (Public Private Partnership) model, disbursement of funds shall begin only after declaration of the Appointed date or its equivalent for the project. However, in cases where the concession-granting authority may mandate non-fund-based credit facilities as a prerequisite for the declaration of the appointed date, a lender may sanction such facilities in accordance with the extant regulatory instructions on non-fund-based facilities.

(c)The original DCCO documented in the financial closure document may be modified to reflect any change in the 'Appointed Date' by the Concession-granting authority before disbursement of funds by way of a supplementary agreement between a lender and the debtor, subject to reassessment of project viability and obtention of sanction from appropriate authorities.

(d)Ensure that disbursal is proportionate to the stages of completion of the project, as well as to the progress in equity infusion and other sources of finance, agreed as part of financial closure and receipt of remaining applicable clearances. The lender's Independent Engineer (LIE)/Architect shall certify the project's stages of completion.

(e)A project finance account may be classified as NPA during any time before actual DCCO as per the record of recovery, in terms of *Master Circular - Prudential norms on Income Recognition, Asset Classification and Provisioning about Advances* dated April 01, 2025, as updated from time to time.

(f)Resolution of Stress:
(i) A lender shall monitor the performance of the project and any buildup of stress on an ongoing basis and shall be expected to initiate a resolution plan well in advance.
(ii)Occurrence of a credit event with any of the lenders during the construction phase shall trigger a collective resolution in terms of the Prudential Framework.
(iii)Any such credit event shall be reported to the Central Repository of Information on Large Credit (CRILC) by the lender in the prescribed weekly as well as the CRILC Main report. A lender in a consortium/multiple lending arrangement shall also report the occurrence of such a credit event to all other members of the consortium/multiple lending arrangement. *The instructions on CRILC reporting shall be issued in due course.*

(iv)A lender shall undertake a *prima facie* review of the debtor account within thirty days (Review Period) from the date of such credit event.

(g) Resolution Plans Involving Extension of Original / Extended DCCO:

- **(i) A project finance account classified as standard and that satisfies all relevant prudential conditions as specified in these directions.**
- **(j) Where a resolution plan involving extension of original/ extended DCCO, as the case may be, is implemented, it shall continue to be classified as 'Standard', provided the envisaged resolution plan *ab initio* conforms to the conditions stipulated hereunder:**

(a) ***Permitted DCCO Deferment* – Original/extended DCCO, as the case may be, is extended, along with the consequential shift in repayment schedule for equal or**

shorter duration (including the start date and end date of revised repayment schedule), within the following time limits:

	Infrastructure Projects	Non-Infrastructure Projects (including CRE and CRE-RH[1])
Permitted deferment of DCCO from the original DCCO	**Up to 3 years**	**Up to 2 years**

***(b)Cost Overrun* – A lender may finance, as part of a resolution plan, cost overrun associated with permitted DCCO deferment and classify the account as 'Standard'.**

(i) **Cost overrun up to a maximum of 10% of the original project cost, in addition to IDC.**

(ii) **Cost overrun is financed through SBCF, sanctioned explicitly by the lender at the time of financial closure.**

(iii) **For infrastructure projects, in cases where SBCF was not sanctioned at the time of financial closure, or was sanctioned but not renewed subsequently, such additional funding shall be priced at a premium to what would have been applicable on a pre-sanctioned Standby Credit Facility (SBCF).**

(iv)Lenders shall ensure that the loan-contracts *ab initio* specify the additional risk premium to be charged on such SBCF, which may be revised upwards based on actual risk assessment at the time of sanction of such facilities.

(v) The financial parameters like D/E ratio, external credit rating (Where aggregate exposure of all lenders is less than *₹100 crore, internal credit rating may be considered provided the project was originally not credit rated externally),* etc., remain unchanged or
are enhanced in favour of the lender following such a cost overrun.

<u>(C)Change in Scope and Size</u>

Where DCCO extension is necessitated by an increase in the project outlay on account of an increase in the scope and size of the project, it may be classified as 'Standard', subject to complying with the following conditions:

(i) **The rise in project cost excluding any cost-overrun in respect of the original project is 25% or more of the original outlay, as the case may be.**

(ii) **A lender reassesses the viability of the project before approving the enhancement of the scope and fixing a fresh DCCO.**

(iii) **On re-rating (if already rated), the new external credit rating is not below the previous external credit rating by more than one notch. If the project debt was unrated at the time of an increase in scope or size, it should be externally rated investment-grade upon such an increase, for projects where the aggregate exposure of all lenders is equal to or greater than ₹100 crore.**

(iv) **The standard asset classification benefit <u>on account of 'change in scope'</u> shall be allowed only once during the lifetime of the project.**

<u>(h)Time Limit for implementing Resolution Plan as above:</u>

The following conditions shall be met before the expiry of 180 days from the end of the Review Period, for successful implementation of a resolution plan:

(i) **All required documentation, including execution of necessary agreements between a lender and the debtor/ creation of security charge/ perfection of securities, is completed in consonance with the resolution plan being implemented.**

(ii) **The new capital structure and/ or changes in the financing agreement get duly reflected in the books of the lender and the debtor.**

If the resolution plan involving a change in DCCO is not successfully implemented in terms of (i) & (ii) as above, then the account shall be downgraded to NPA immediately.

<u>(i)Criteria for Upgradation:</u>

(i) A project finance account was downgraded to NPA for non-compliance. Resolution Plans involving the extension of the Original / Extended DCCO, as stated earlier, can be upgraded only after the account performs post-actual DCCO satisfactorily.

(ii)A project finance account downgraded to NPA for non-compliance with conditions before the expiry of 180 days from the end of the review period for successful implementation of the resolution plan, provided no further request for DCCO deferment is received.

15. Appointment of Agency for Specialised Monitoring (ASM):

To mitigate the risks associated with high-value borrowing accounts of ₹250.00 crore and above, as per the Government of India's guidelines, banks adopted a new reform: Agencies for Specialised Monitoring (ASM).

ASM is an external agency (Chartered Accountants) introduced to monitor significant credit exposures and significant advances of Banks/Consortium of banks. An Agency for Specialised Monitoring (ASM) is a mechanism of the bank, which allows it to take several steps to prevent or minimise the number of money laundering cases and misappropriation of funds. ASMs are committed to providing due diligence support in India. In the banking world, due diligence support & services involve an in-depth investigation and analysis of a business or person's creditworthiness, assets, and liabilities. A bank, before investing in or finalising a transaction with a business, initiates an acquisition or grants a loan to a customer to ensure the deal is lucrative and safe for the bank.

ASM is an entity comprising professionals with strong domain knowledge, experience, and skills across different sectors, industries, etc. In case of significant exposure or specialised exposure, such an agency provides services such as inspection, stock audit, cash flow monitoring, and end-use verification.

With the help of ASM, we may identify problems in advance, such as inventory buildup, delays in receivables, and fund diversion. With the help of a specialised monitoring agency, all the transactions will be under strict vigilance.

(a) <u>Purpose of Empanelment of ASM:</u>

As employees in the banking industry don't have expertise across all sectors and related business transactions, the services of an ASM to closely track the complex nature of borrower transactions are required at each stage.

ASMs that are better equipped in this regard, and it would be prudent to engage ASMs for the following purposes;

i. To have an on-site presence at the place of business and a timely, fair and transparent monitoring of the borrowing account is expected.

ii. To monitor the borrowal account in Technical as well as Financial matters and guide the bank for further course of corrective action.

iii. Timely reporting to the lenders on the borrower's business situation on a real-time basis

iv. ASMs are also expected to look into other aspects like Government notifications, which may have a material impact on the borrowing company, all approvals and clearances.

v. ASM is required to analyse, supervise, monitor and suggest on the business activities of the borrower.

vi. To monitor the end use of funds on account of their on-site presence as well as off-site.

(b) Scope of the work:

ASM will apply to all borrowers with exposure above ₹250.00 Crore. The scope of the work includes;

i. Regular auditing and scrutinising deviations or fluctuations.
ii. Monitoring of cash flow and transactions.
iii. Analysing the organisation's work input and output.
iv. Checking for misappropriation of funds or diversion of funds.
v. Ensuring compliance with the terms and conditions of the sanction.
vi. Extensive analysis of a company's transactions, operations, and financial health.
vii. Analysing the Fund Flow Statement.

(c) FEE structure approved by IBA:

The Indian Bank's Association has empanelled agencies to monitor loan accounts. The approved fee structure of IBA is as follows;

a) A minimum of ₹5.00 Lac and a maximum of 0.05% per annum of the total exposure/limits (for overall consortium limit), whichever is higher. The selection may then be based on L1 quotes within the minimum and maximum levels.

b) The number of concurrent assignments allotted by a bank to any agency will be restricted to a maximum of 5 assignments per bank at a time. To provide operational flexibility to member banks, it has also been decided that approval from the competent higher authority in the Bank is required to allot more than five assignments concurrently to a single agency.

To comply with regulatory norms and achieve effective credit monitoring, it is essential to examine monitoring tools, in addition to site inspections of securities, to detect early warning signals. Considering the above, the Credit Monitoring Cell can engage Agencies for Specialised Monitoring (ASM) to monitor high-value borrowing accounts in our Bank, if necessary. The Managing Director & CEO has the authority to appoint ASMs to track high-borrowal accounts.

16. Collateral Visit:

The bank's philosophy is generally to obtain tangible collateral to cover the total exposure wherever possible. Collateral security in the form of land and buildings is obtained for both fund-based and non-fund-based facilities. This is based on risk

perception. However, based on the merits of the proposals and in deserving cases, loans can be considered without Collateral as per the delegated powers. Where finance has been extended to both Fixed Assets and Current Assets, the residual value of Fixed Assets will be charged as continuing collateral security for working capital limits. The Bank shall not take collateral security, as per RBI guidelines, in case of the following:

a) Small loans up to ₹50,000/-.
b) Educational loans up to ₹7.50 lakh are covered under the NCGTC scheme.
c) TMB-Skill Development Loan up to ₹1.50 Lakh covered under the NCGTC scheme.
d) Loans up to ₹10.00 lakh to Micro and Small Enterprises (Manufacturing & Service). ##
e) For NULM-Individual/Enterprises loans up to ₹1.00 lakh and NULM-Group loans up to ₹10.00 lakh.
f) PMEGP loans up to ₹10.00 lakh
g) Credit facilities sanctioned up to ₹1000.00 lakh to Micro and Small Enterprises covered under the CGTMSE scheme. Note: In terms of revised guidelines, the unsecured portion of credit limits sanctioned to Micro and Small Enterprises up to ₹1000 lakh, where partial collateral security is taken, is subject to ceding pari-passu charges to CGTMSE over the collateral obtained. h) Agriculture loans up to ₹2.00 lakh.##
i) All other cases where collateral is waived as per RBI guidelines/ Loan Product guidelines.

- Loans against voluntary pledge of Gold and Silver as collateral by borrowers, sanctioned up to the collateral-free limit, will not be construed as a violation of the above-mentioned guidelines as regards such collateral.

However, it is made clear that the assets created out of Bank finance are considered Primary Security, and the Bank shall have an exclusive/pari passu charge over the same.

The requirement, or otherwise, for collaterals for various types of loans shall be as per the RBI guidelines and the provisions of the Loan Policy. The "Credit Risk Mitigation and Collateral Management Policy" issued by the Risk Management Department shall be referred to in this regard.

All the collateral securities mortgaged should be inspected as detailed below:-

Exposure	Periodicity of Visit
Up to Rs . 1.00 crore	Once every 3 years
Above Rs . 1.00 crore and up to Rs . 5.00 crore	Once every 2 years
Above Rs . 5.00 crore	Once a year

Any adverse features observed shall be reported to the next higher authorities immediately. Once the account becomes SMA2, the collateral securities mortgaged should be reviewed at the end of the next quarter. For the schematic lending (as approved by COE), the respective guidelines on collateral visit prescribed in the relevant schemes

should be adhered to.

17. Exit Policy:

As per the Loan Policy, the bank has adopted an exit policy to contemplate exiting even from the standard category accounts under the following circumstances: -

a) When the concentration is at a higher level (industry-wise and group-wise), it exposes the bank to adverse changes.
b) Where the borrower profile emanates Warning Signals of probable slippage in Asset Quality/ Probable Default.

In the event of any policy guidelines not defined herein, branches/RO/CMC may raise them with the Head Office through their respective Regional Head. The Executive Vice President (Credit) and above may decide after obtaining the views of the Chief Risk Officer of the Risk Management Department, based on the facts and regulatory guidelines. The Policy guidelines are subject to change during the policy period at the government's discretion/RBI guidelines that may come into force from time to time.

18. Review:

The policy shall be reviewed annually and shall remain valid from the date of approval by the board until the next review. Any regulatory or other changes in the intervening period will be implemented as and when the regulatory authority establishes the time frame, and these updates will be reflected in the policy during the subsequent review.

Annexure - A
List of Triggers incorporated in rt360:

rt360 analyses the borrowing accounts based on 182 parameters as per the categorisation mentioned below:

S.No	Parameters	No. of Triggers
1.	**RBI Triggers**	48
2.	**EASE Triggers**	84
3.	**Custom Triggers**	50
	TOTAL	**182**

RBI Triggers:

S.No	Trigger type	Trigger Description	Data Source
1	RBI 01B-D	Bouncing of high value cheques - Outward	MIS
2	RBI 02	Frequent change in the scope of the project to be undertaken by the borrower	MIS
3	RBI 03-D	Foreign bills remaining outstanding with the bank for a long time and tendency for bills to remain overdue	MIS
4	RBI 04	Delay observed in payment of outstanding dues	MIS
5	RBI 05a-D	Frequent invocation of BGs	MIS
6	RBI 07	Invoices devoid of TAN and other details	Branch Data Entry
7	RBI 08	Dispute on title of collateral securities	Branch Data Entry
8	RBI 09	Funds coming from other banks to liquidate the outstanding loan amount unless in normal course	MIS
9	RBI 10	In merchanting trade, import leg not revealed to the bank	MIS
10	RBI 11	Request received from the borrower to postpone the inspection of the godown for flimsy reasons	Branch Data Entry
11	RBI 12	Funding of the interest by sanctioning additional facilities	MIS
12	RBI 13	Exclusive collateral charged to a number of lenders without NOC of existing charge holders	Data Aggregator
13	RBI 14	Concealment of certain vital documents like master agreement, insurance coverage	Branch Data Entry
14	RBI 15	Floating front / associate companies by investing borrowed money	Data Aggregator
15	RBI 16	Critical issues highlighted in the stock audit report	Stock Audit Report

S.No	Trigger type	Trigger Description	Data Source
16	RBI 17	Liabilities appearing in ROC search report, not reported by the borrower in its annual report	Data Aggregator & Rating System
17	RBI 18	Frequent request for general purpose loans	MIS/ CIC
18	RBI 19-D	Frequent ad hoc sanctions	MIS
19	RBI 1a	Default in undisputed payment to the statutory bodies as declared in the Annual report	Rating System
20	RBI 1b-D	Bouncing of high value cheques - Inward	MIS
21	RBI 20	Not routing of sales proceeds through consortium / member bank/ lenders to the company	MIS & Branch Data Entry
22	RBI 21	LCs issued for local trade / related party transactions without underlying trade transaction	MIS & Data Aggregator/Branch Data Entry
23	RBI 22	High value RTGS payment to unrelated parties	MIS & Branch Data Entry
24	RBI 23-D	Heavy cash withdrawal in loan accounts	MIS
25	RBI 24	Non production of original bills for verification upon request.	Branch Data Entry
26	RBI 25	Significant movements in inventory, disproportionately differing vis-a-vis change in the turnover	Branch Data Entry/MIS
27	RBI 26a	Significant movements in receivables, disproportionately differing vis-à-vis change in the turnover	Branch Data Entry/MIS
28	RBI 26b	Increase in ageing of the receivables	Branch Data Entry
29	RBI 27	Disproportionate change in other current assets	Rating System
30	RBI 28	Significant increase in working capital borrowing as percentage of turnover	Branch Data Entry
31	RBI 29	Increase in Fixed Assets, without corresponding increase in long term sources (when project is implemented)	Rating System
32	RBI 30	Increase in borrowings, despite huge cash and cash equivalents in the borrower's balance sheet	Rating System
33	RBI 31	Frequent change in accounting period and/or accounting policies	Rating System
34	RBI 32	Costing of the project which is in wide variance with standard cost of installation of the project	Branch Data Entry
35	RBI 33	Claims not acknowledged as debt high	Rating System
36	RBI 34	Substantial increase in unbilled revenue year after year.	Rating System
37	RBI 35a	Large number of transactions with inter-connected companies	MIS & Data Aggregator/Branch Data Entry
38	RBI 35b	Large outstanding from inter-connected companies	Branch Data Entry & Data Aggregator

S.No	Trigger type	Trigger Description	Data Source
39	RBI 36A	Substantial related party transactions (Inter-Bank)	MIS & Data Aggregator/Branch Data Entry
40	RBI 37	Material discrepancies in the annual report	Data Aggregator
41	RBI 38	Significant inconsistencies within the annual report (between various sections)	Data Aggregator
42	RBI 39	Poor disclosure of materially adverse information and no qualification by the statutory auditors	Data Aggregator
43	RBI 40	Raid by Income tax /sales tax/ central excise duty officials	MIS
44	RBI 41	Significant reduction in the stake of promoter /director or increase in the encumbered shares of promoter/director	Data Aggregator
45	RBI 42	Resignation of the key personnel and frequent changes in the management	Data Aggregator
46	RBI 5b-D	Frequent devolvement of LCs	MIS
47	RBI 6A	Under insured inventory	MIS
48	RBI 6B	Over insured Inventory	MIS

EASE Triggers:

S.No	Trigger type	Trigger Description	Data Source
1	EASE1	Irregular account (No. of days the account has been irregular during last 6 months)	MIS
2	EASE2	Average utilisation of FBWC limits (Average limit utilisation in last 90 days including WCDL and CCOD)	MIS
3	EASE3	BG invocation (No. of instances in last 30 days)	MIS
4	EASE4	Continuous flow of funds among intergroup companies within the bank (Amount of transactions) (Monitoring of Continuous flow of % value of DR/CR across group companies against total value of transaction)	MIS & Data Aggregator
5	EASE5	Continuous flow of funds among intergroup companies (no. of transactions) (Monitoring of continuous flow of funds % of no. of transactions DR/CR across group companies against total no. of transactions)	MIS & Data Aggregator
6	EASE6	Crystallization of Export Bills (No. of Instances In last 30 days due to non-payment)	MIS

S.No	Trigger type	Trigger Description	Data Source
7	EASE7	Delay in interest servicing days (No of days interest not serviced from last debit)	MIS
8	EASE8	Frequent return of Bills discounted or sent for collection (Return of Bills discounted/Collection- No. of instances in last 30 days)	MIS
9	EASE9	Frequent return of Outward Cheques (Return of Outward Cheques- No. Of Instances in last 30 Days)	MIS
10	EASE10	Heavy Cash Withdrawal	MIS
11	EASE11	Irregularity count in last 6 months (No. of times account has been irregular in last 6 months)	MIS
12	EASE12	LC Devolvement	MIS
13	EASE13	Non-renewal of facilities (No. of days delay in renewal of credit limits)	MIS
14	EASE14	Number of consecutive months with decline in credit debit summation (No. of consecutive months of decline in credit-debit summation)	MIS
15	EASE15	Number of inward cheque returns in last 30 days (Number of inward cheque returns in last 30 days)	MIS
16	EASE16	Delay in servicing of interest- no. of times delayed in 6 months (No. of instances, delay in servicing of interest during last 6 months)	MIS
17	EASE17	Movement of Stocks in Process (SIP)	Branch Data Entry
18	EASE18	No. of times account turns SMA-2 in 6 months (Number of times account turned SMA-2 during last 6 months)	MIS
19	EASE19	Delay in submission of stock statement (SME) (Delay in submission of stock statement from due date > 5 days)	MIS
20	EASE20	Delay in submission of stock statement (corporate and mid-corporate) (Delay in submission of stock statement from due date > 5 days)	MIS
21	EASE21	Depletion in the value of security (Primary)(Percentage decline in value of primary security as compared to previous month)	MIS
22	EASE22	Under insured inventory	MIS
23	EASE23	Non-Compliance with sanction terms	Branch Data Entry
24	EASE24	Non-submission of audited financials of borrower and associate companies	Branch Data Entry

S.No	Trigger type	Trigger Description	Data Source
25	EASE25	Pending perfection of Security/charges	Branch Data Entry
26	EASE26	Borrower, promoters/director/associates/ group companies in the lists of defaulters	Data Aggregator & Branch Data Entry
27	EASE27	Increase in holding levels of Debtors – against estimates (Monthly)	Branch Data Entry/ MIS
28	EASE28	Increase in holding levels of Stocks – against estimates (Monthly)	Branch Data Entry/ MIS
29	EASE29	Days inventory as cost of sales – downward	Rating System & Branch Data Entry
30	EASE30	Debtors as days sales	Branch Data Entry
31	EASE31	Gross Current Assets as days sales	Rating System
32	EASE 32	% of shortfall in net sales – compared to estimates	Branch Data Entry
33	EASE33	Change in internal ratings	Rating System
34	EASE34	Decrease consistently in Interest Coverage Ratio (as on 31st March)	Rating System
35	EASE35	Difference in the value of Stocks in ABS vis-à-vis Stock Statement (as on 31st March)	Rating System & MIS
36	EASE36	Debt To Equity	Rating System
37	EASE37	DSCR	Rating System
38	EASE38	Interest Coverage Ratio	Rating System
39	EASE39	TOL/TNW	Rating System
40	EASE40	Current Ratio	Rating System
41	EASE41	Quick Ratio	Rating System
42	EASE42	RoNW	Rating System
43	EASE43	Net Sales To Total Assets	Rating System
44	EASE44	Operating Cash Flow to Current Liabilities	Rating System
45	EASE45	Operating Cash Flow to Total Serviceable Debt	Rating System
46	EASE46	EBITDA Margin	Rating System
47	EASE47	Net Cash accrual to Net sales	Rating System
48	EASE48	Net Profit Margin	Rating System
49	EASE49	Return on Capital Employed	Rating System
50	EASE50	Return on Equity	Rating System
51	EASE51	Adjusted TNW	Rating System
52	EASE 52	% of shortfall in net sales – compared to estimates	Branch Data Entry
53	EASE53	Net Cash Accrual To Total Debt	Rating System
54	EASE54	Total Debt / EBITDA	Rating System
55	EASE 55	Not routing of sales proceeds through consortium / member bank/ lenders to the company	MIS & Branch Data Entry

S.No	Trigger type	Trigger Description	Data Source
56	EASE56	Unhedged Foreign Currency Exposure	MIS
57	EASE57	Delay in project implementation	MIS
58	EASE58	Pledging/selling of promoters' shares in the borrower company due to financial stress	Data Aggregator
59	EASE59	Regulatory changes adversely affecting the industry	Rating System
60	EASE60	Borrower reported as Defaulter by other bank(s) in CRILC	CRILC
61	EASE61	Borrower, promoters/director/associates/ group companies in the lists of defaulters	Data Aggregator & Branch Data Entry
62	EASE62	Change In External Ratings	Data Aggregator
63	EASE63	Continuous decline in share price in last quarter	Data Aggregator
64	EASE 64	Default in undisputed payment to the statutory bodies as declared in the Annual report	Rating System
65	EASE65	Instance of loss of a major customer of borrower	Branch Data Entry
66	EASE66	Indication of fraud	Branch Data Entry
67	EASE67	Raid or imposition of a penalty by government agencies on the company	MIS
68	EASE68	Business expansion to areas outside core business/backward or forward integration	Branch Data Entry
69	EASE69	Frequent change in statutory auditors (2 consecutive years)	Rating System
70	EASE70	Frequent change in rating agency	Data Aggregator
71	EASE71	Resignation of independent directors within a short span of time	Data Aggregator
72	EASE72	Withdrawal by project sponsor/funding agency or delay in receipt of subsidy	Branch Data Entry
73	EASE73	Disputes among Management/Promoters/JV Partners	Branch Data Entry
74	EASE 74	Resignation of the key personnel and frequent changes in the management	Data Aggregator
75	EASE75	High amount of personal loans by promoters	Branch Data Entry/CIC
76	EASE76	Danger of product/technology obsolescence or introduction of cheaper substitutes	Branch Data Entry
77	EASE77	Frequent utility disruption (e.g. power/water etc.) at borrower-end	Branch Data Entry
78	EASE78	High rejection of goods	Rating System

S.No	Trigger type	Trigger Description	Data Source
79	EASE79	Increasing employee attrition at borrower end	Branch Data Entry
80	EASE80	Labour unrest	Branch Data Entry
81	EASE81	Negative News about Borrower/Industry	MIS/Branch Data Entry
82	EASE82	Negative News other than specific for Borrower/Industry	Branch Data Entry
83	EASE83	Unfavourable trends in borrower value chain (Upstream/Downstream)	Branch Data Entry
84	EASE84	Y-O-Y Decline In quarterly capacity utilization	Branch Data Entry

Custom Triggers:

S.No	Trigger type	Trigger Description	Data Source
1	CUSTOM-1	Unseasonal Transfer	MIS
2	CUSTOM-2	DP is Continuously Less than Sanctioned Limit	MIS
3	CUSTOM-3	Percentage of Amount Transferred to Client to Credit receivable during the month	MIS/ Branch data entry
4	CUSTOM-4	Percentage of Amount Credited by Suppliers to Credit Turnover (1 Year)	MIS/ Branch data entry
5	CUSTOM-5	O/S Balance Continuously More than DP	MIS
6	CUSTOM-6	Reversal of 80% Credit in First 5 Days of the Month	MIS
7	CUSTOM-7	Account Was Classified As NPA in the Preceding 12 Month Ends, But Now the Account is Standard	MIS
8	CUSTOM-8	Cheques or Cash Deposited on the Last 2 Days of Previous Month	MIS
9	CUSTOM-9	Percentage of Round Tripped Amount to Credit Turnover (1 Year)	MIS
10	CUSTOM-10	Penal Charges Debit	MIS
11	CUSTOM-11	Borrower Reported in the CFR (Central Fraud Registry) during the Month.	CFR Domain
12	CUSTOM-12	Insolvency Proceedings (NCLT) Initialization Against The Company	Data Aggregator
13	CUSTOM-13	Account Moving To Below Investment Grade	Rating System
14	CUSTOM-14	Adverse Comments in - Inspection Audit Report	Audit Data
15	CUSTOM-15	Associate Company Is Under Process of Striking Off	Data Aggregator
16	CUSTOM-16	Company Is Under Process Of Striking Off	Data Aggregator
17	CUSTOM-17	Adverse comments in - Spot inspection	MIS
18	CUSTOM-18	Auditor is Present in **Debarred** Auditors List	MIS
19	CUSTOM-19	Revival Letter not obtained	MIS
20	CUSTOM-20	Is Directors reported as Default in MCA	Data Aggregator

S.No	Trigger type	Trigger Description	Data Source
21	CUSTOM-21	Number of Suits Filed Against Company	Data Aggregator
22	CUSTOM-22	Number of Suits Filed By Company	Data Aggregator
23	CUSTOM-23	Suits Filed Against Company in Last 1 Year (For closed cases)	Data Aggregator
24	CUSTOM-24	Previously The Company Is In Under Process Of Striking Off	Data Aggregator
25	CUSTOM-25	GST Filing Delay	Data Aggregator
26	CUSTOM-26	Operating Loss or Net Loss during the Previous Year	Rating System
27	CUSTOM-27	Ratio Comparison With Peers Median Interest Coverage Ratio	Rating System
28	CUSTOM-28	Low turnover in the account compared to the sanction Limit.	MIS
29	CUSTOM-29	Ratio Comparison With Peers Median - Operating Profit Margin	Rating System
30	CUSTOM-30	Ratio Comparison With Peers Median - Return on Equity (Net worth)	Rating System
31	CUSTOM-31	Unusual Cash Based Credit inflow.	MIS
32	CUSTOM-32	Ratio Comparison With Peers Median - Net Profit Margin	Rating System
33	CUSTOM-33	Ratio Comparison With Peers Median - Total Debt / Equity	Rating System
34	CUSTOM-34	Ratio Comparison With Peers Median - Asset Turnover Ratio	Rating System
35	CUSTOM-35	Ratio Comparison With Peers Median - Current Ratio	Rating System
36	CUSTOM-36	Ratio Comparison With Peers Median-Debtors outstanding days	Rating System
37	CUSTOM-37	Ratio Comparison With Peers Median-Creditors outstanding days	Rating System
38	CUSTOM-38	Ratio Comparison With Peers Median-Finished goods holding days	Rating System
39	CUSTOM-39	Borrower GST status under Cancelled, Inactive & under Cancellation	Data Aggregator
40	CUSTOM-40	If GST Fraud	Data Aggregator
41	CUSTOM-41	GST Transaction Default	Data Aggregator
42	CUSTOM-42	Ratio Comparison With Peers Median - Return on Capital Employed	Rating System
43	CUSTOM-43a	Stock statement Submitted by the borrower for same value continuously (Variation below 5% to be triggered)	MIS

S.No	Trigger type	Trigger Description	Data Source
44	CUSTOM-43b	Book Debt statement Submitted by the borrower for same value continuously (Variation below 5% to be triggered)	MIS
45	CUSTOM-44	Decline in the Capital Account	Rating System
46	CUSTOM-45	No operations in the ODCC accounts for more than 15 Days	MIS
47	CUSTOM-46	Increase in Funds from Family Members & Friends	Rating System
48	CUSTOM-47	DPN date earlier than sanction date.	MIS
49	CUSTOM-48	Increase in Operating Expenses corresponding Increase in Sales During the Year	Rating System
50	CUSTOM-49	Increase in Cost of Borrowing Compared to Previous Year	Rating System

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