

**CREDIT AUDIT REPORT FORMAT**  
**for Borrowal accounts enjoying credit limit ( both fund & non-fund)**  
**(1) Over Rs.4.00 Crore for HO (2) Over Rs.40 Lac upto Rs.4.00 Crore for RO**

<b>Name of the A/c:</b>	
<b>Branch:</b>	
<b>A/c. Nos:</b>	
<b>Region:</b>	
<b>Sanctioning Authority:</b>	
<b>Sanction Note No:</b>	
<b>Brief Detail of the Sanction</b>	
<b>Date of on-site Audit:</b>	
<b>Project / Regd. Office</b>	
<b>1. Asset Classification with date SMA status with date</b>	
<b>External Rating:</b>	
<b>Internal Rating as on:</b>	
<b>Whether the Internal Rating is based on the latest Audited Financials</b>	Yes/No (Audited Financials dated .....)
<b>2. Line of business/ Activity/ production.</b>	
Whether the line of business is under Restricted/ Prohibited areas of finance in accordance with RBI Master circular? (as mentioned in Bank's Lending Policy)	
<b>3. Credit Relation since : (including name of the sanctioning authority &amp; overall limit sanctioned- Original Sanction)</b>	
<b>3.a Availability of records/ history of sanction of credit facility to be ascertained and date of such oldest available record to be mentioned by the credit auditor. <i>This should be ascertained to the extent old records are available.</i></b>	
<b>4. Banking Arrangement</b> (Name of the Principal / Major Lender in case of Consortium/ Multiple Banking Arrangement. In case of consortium/ multiple finance together with the total number of lenders to be mentioned.)	(Sole / Multiple / Consortium)
<b>5. Name of Security Trustee/Lenders' Agent/ Consortium Lender</b>	
<b>6. Name of Promoters</b>	
<b>Whether names of any of the promoters appear on defaulter list - (RBI/ CIBIL/ ECGC/ RBI Caution/ UBI NPA list)? (As provided in the related process / sanction note and as on date of credit audit)</b>	
<b>Compliances in regard of defaulter list by the company?</b>	
<ul style="list-style-type: none"> <li>• RBI Defaulter's list (willful/ other):</li> <li>• RBI Caution list:</li> <li>• UBI NPA list:</li> <li>• SAL of ECGC:</li> <li>• CIBIL Defaulter's list:</li> </ul>	
<b>Whether due/ verification through DIN/ PAN etc is in place in the event any name appears on the defaulter's list: Yes / No</b>	
<b>Comments on CIR drawn from:</b>	
<ul style="list-style-type: none"> <li>• CIBIL: _____</li> </ul>	

- \*Experian: \_\_\_\_\_
  - \*Equifax : \_\_\_\_\_
  - \*Highmark: \_\_\_\_\_
- (\* Obtaining of reports from the respective Credit Bureau agencies will be mandatory as soon as access is made available by Head Office.)

## 7. Particulars of previous credit audit in the account in the account:

Date of last credit audit:		
Whether compliance reported to the Sanctioning Authority. (Date of reporting)		
Date of closure of previous credit audit report:		
Pending issues stipulated for further compliance in the closure report/ still pending at the time of present credit audit:		
Issues (list item-wise)	Present status of compliance	Branch reply/ clarification for non rectification/ compliance
i)		
ii)		
iii)		

## 8. Position of the Account (as on ..... ): [Rs. in .....]

Nature of facility	Consortium/ Multiple Banking exposure (amt. against each facility to be mentioned)	Our Bank's share	Value of Security (as on ..... date)	Drawing Power	Outstanding Balance	Rate of Interest/ commission
Term Loan						
Cash Credit						
BP						
BD / LCBD						
WCDL						
Packing Credit						
FBP/FBD						
OD						
WCTL/FITL						
LC(I)						
LC(F)						
LG(I)						
LG(F)						
<b>OVER ALL LIMIT</b>						

### Comments on performance of Account:

1. Servicing of interest and installment both (as per repayment schedule provided in sanctioned terms):
2. Rate of interest charged:
3. Commission charged in the account:
4. Whether sufficient credits have been made in the account subsequent to application of interest and other charges to establish servicing of interest and / or applicable charges:

## 9. Disposal of application, disbursement & Credit administration of the account:

I.	<p>a. Whether original application requesting credit facility from the Bank available on record. (for new/ enhancement of credit facility/ renewal of Working capital facility)</p> <p>b. Whether Branch recommendation for the proposed credit facilities based on borrower's application is available in Branch record?</p>	
II.	<p>Whether minimum disclosure has been made by the Borrower. (As per RBI format) along with complete proposal (Date of receipt). <i>(to be obtained compulsorily for advance under Multiple and Consortium arrangement both)</i></p> <p><i>(In case of existing borrowers such declaration from the borrowers having facility of Rs.5 crores and above at least annually should be available as mentioned in Lending policy Vol. – 1 General guideline – 4-d- i – page 17)</i></p>	
III.	Whether purpose of the loan clearly mentioned in the application form?	
IV.	<p><b><u>For New Proposals:</u></b> <b><u>In case the borrower is already in business and is maintaining account(s) with other Banks:</u></b></p> <ul style="list-style-type: none"> <li>• Whether KYC compliance in respect to HO circular COMPL/POLICY/2/OM-0155/14-15 dated 07.06.2014 and further circulars issued on the matter by Bank from time to time, is in place?</li> <li>• Whether 'Confidential report' in IBA prescribed format has been obtained from the existing Bank? <i>(format available on Bank's intranet site)</i> <i>('Confidential report' is to be obtained in all cases even if the proposed borrower is reportedly not enjoying any credit facilities from other Bank (but maintaining only Current Account etc) as disclosed at the time of application. (format ref – Lending Policy Vol – II, Anex – VI, Appendix – II)</i></li> <li>• In terms of HO circular VIG/PC/6/OM-0177/13 – 14 dated 17.06.13, related to <u>Joint verification and valuation of mortgaged property</u>, whether the report is available in the prescribed format?</li> <li>• Whether last 12 month statement of accounts were obtained and examined at the pre-sanction/ pre-disbursement stage to ascertain satisfactory operations? <i>(Including in proposals where only Current Account were informed to have been maintained by applicant/ borrower. Statement of accounts is also to be examined at the time of credit audit and observations related to nature of transactions to be made.)</i></li> </ul>	

	<ul style="list-style-type: none"> <li>• Whether Branch Official have given their views/ comments on the transactions observed in account statement?</li> <li>• Whether transactions are taking place on regular basis or intermittently?</li> <li>• Whether the outstanding balance in the account is maintained on average basis or is showing wide fluctuations, bouncing &amp; returns of cheques etc.?</li> <li>• Whether turnover in the account commensurate with sales projection for the month/ quarter/ year? (say 80% of the projected turnover).</li> <li>• In an event existing credit turnover is more than or equal to the projected turnover, whether the same has been duly discussed for its acceptability in the processing note?</li> <li>• In case of Sole Banking whether undertaking from the borrower related to the following has been obtained: <ul style="list-style-type: none"> <li>○ The borrower will close all accounts:</li> <li>○ All transactions will be routed through the designated account of out Bank.</li> <li>○ In future, if there is a necessity of opening a separate account with other Bank, the borrower would be taking specific approval from the sanctioning authority prior to opening of such accounts.</li> </ul> </li> <li>• In case of proposals under Sole Banking, whether the borrower has closed the accounts with the existing Banks/ or other branch of Bank?</li> <li>• In case of Sole Banking arrangement, in the event the borrower has not closed the account with existing Bank, whether specific permission of the Sanctioning Authority has been obtained? In the event no such permission is available, Branch has to ask the borrower to make immediate arrangement for closure of such accounts and must be complied within 30 days. Branch should also write directly to all such Banks/ other Branches of our Bank to arrange closure since the said borrower is enjoying credit facility from our Bank on Sole Banking basis. (Credit auditor should ensure initiation of the process at the time of the credit audit in such cases)</li> </ul>	
V.	Whether any pre-sanction inspection of the project site/ unit/ applicant's office has been done by Bank officials? (Comment on the finding of the inspection report to be given by the Credit Auditor)	
VI.	Whether certified copies of Memorandum and Articles of Association, certificate of incorporation and certificate of commencement of Business (Latter not applicable in the case of Private Limited Companies) are on record?	

	<p><b><u>For companies:</u></b></p> <p>(i) Whether main objects of the company's activity is consistent with Company's line of activity and purpose for which Bank's credit facility is availed?</p> <p>(ii) Whether borrowing powers of the company has been clearly stated in it.</p> <p><b><u>For partnership firms:</u></b></p> <p>(i) Whether the Partnership deed has been registered with Registrar of Firms.</p> <p>(ii) Registered Partnership deed is to be examined on the above lines as mentioned for companies.</p> <p><b><u>For proprietorship:</u></b> Availability of valid Shops and Establishment License (or any other documents etc are available as per KYC requirements detailed in HO Circular No <u>COMPL/KYC/ 5/ OM -040/12-13</u> dated 19.04.12 &amp; circulars referred therein for KYC) along with PAN of the proprietor available for scrutiny/ records.</p>	
VII.	<p>Whether any criminal proceeding pending against the promoters (Existing / New Company) as per disclosure/ declaration made by applicant?</p> <p>Whether any proceeding is pending against the borrower or promoters for violation statutory regulations?</p> <p>Among other documents/ information sources this can also be ascertained from:</p> <p>a) Disclosure/ declaration given by the borrower (to be obtained regularly at least once every year).</p> <p>b) Disclosure in the 'Auditor's report' of the firm in its audited financial statement.</p> <p>c) Diligence Report submitted by the firm's CA/ CS on half yearly basis.</p> <p>d) Disclosure made in the Minimum disclosure statement (applicable for consortium/ multiple banking finance.)</p> <p>e) Other media reports, if any, that may have come to the notice of the Branch Officials.</p>	
VIII.	<p>Whether there are adverse market reports against the borrower? (The Branch should have obtained market report from the Association of Traders / Chambers etc/ other sources as mentioned in Bank's Lending Policy. There should be specific comments on borrower's antecedents in the report.)</p> <p>Whether this issue is discussed in the sanction/ processing note?</p>	
IX.	<p>Clearance of ALCO with regard to the tenor of the loan. (TL greater than Rs 20.00 Cr) [To be ascertained from ALM Dept by the credit auditor]</p>	
X.	<p>Whether permission of sanctioning / competent authority is available for release of credit facility on record (for new/ enhancement sanctions) based on item wise compliance report of pre-disbursement conditions submitted by the Branch? Date of receipt of such pre-disbursement compliance by the Branch to be mentioned?</p>	

XI.	<p>Does the above approval indicate compliance of all pre-disbursement conditions item-wise? (Credit auditor should examine the availability of the underlying documents in Branch record as stipulated in the pre disbursement conditions.)</p> <p>Whether time was allowed by Competent Authority for compliance of some pre-disbursement conditions?</p> <p>If so, whether the Branch has sent compliance reports for these pre-disbursement conditions where time extension was allowed? If not, the timelines within which this shall be completed is to be specifically given by the Branch Head, which should also be backed by consent/ approval of the Competent Authority?</p>	
XII.	Date of disbursement / release of facility.	
XIII.	Whether Credit Disbursement Monitoring Sheet (CDMS) has been submitted to RO & Sanctioning Authority?	
XIV.	Whether post disbursement documents relating to utilization of Bank's funds viz. CA Certificates, copies of documents evidencing creation of underlying assets as per terms of sanction is available in Branch record?	
XV.	Whether submission of Monthly Control Report A / B by the Branch regular (i.e. MCR is being submitted on monthly basis to RO / Monitoring Cell – HO)	
XVI.	Whether Consortium meeting is held as on regular intervals? Date of last consortium meeting and discussions to be commented upon.	
XVII.	<p>Whether information exchange is being done on monthly basis as per IBA approved format? Whether information exchange is also being done on quarterly basis as per RBI guidelines in RBI prescribed format?</p> <p>Whether Branch is also receiving similar information from other lenders of the consortium/ lenders under Multiple Banking arrangement? Date of latest information exchange to be given and Branch comments related to position of account(s) to be commented.</p>	
XVIII.	<p>Whether diligence report (as per RBI format) by CA/ CS is being obtained in borrower account? Any adverse comment made therein the report is to be commented upon. <i>The diligence report should be obtained on half-yearly basis regarding compliance of various statutory prescriptions that are in vogue.</i></p>	
XIX.	Whether balance confirmation is taken at end of each half- year? Latest BC letter date along with amount is to be mentioned.	
XX.	<p>Whether matters related to delay in servicing of interest / repayment of installment are duly taken up with the Borrower and Lead Bank (wherever applicable) and for servicing of Bank's dues? Records of such communication to be examined.</p>	

## 10.Documentation, Security creation, Value Connection, Inspection & Insurance

Sl no.	Particulars	Comments/ remarks
I.	<p>a. Whether all loan documents as per Bank's standard requirement have been obtained (in respect of sole/ multiple lending)</p> <p>b. Whether the draft of loan documents as prepared by Lender's Legal Counsel (LLC) (In respect of consortium advance) have been vetted by Bank's Law Officer for ensuring Bank's terms of sanction/ interests have been suitably incorporated?</p> <p>c. Whether loan documentation is complete/ properly executed and also supported by due document audit?</p> <p><i>(N.B. In an event where LLC has certified the proper execution of documents and perfection of securities as per terms, document audit may be waived off, however certificate from the LLC should specifically certify the documents obtained are complete as per terms of sanction and enforceable in court of law.)</i></p>	
	<p>d. Whether certified copies of the resolution for borrowing facilities along with the names of directors/other office bearers who are authorized to execute the documents and put the company's common seal on record? (For companies)</p>	
	<p>e. Whether unqualified acceptance from the borrower (on the terms of sanction communicated by the Branch to the borrower), has been obtained? (for new/ review of credit facility). If not, whether approval of Sanctioning/ Competent Authority for modification obtained? Whether the borrower has finally conveyed unqualified acceptance of all terms of sanction before documentation of credit facility?</p>	
	<p>f. Whether the document audit / LLC certificate specifically confirms that the documents obtained are complete as per terms of sanction and enforceable in court of law. <i>(HO circular CPPMI/ADV/69/OM-0661/12-13 dated 07.02.2013 is to be referred in this regard.)</i></p>	
II.	<p>Whether deficiencies, if any, observed during document audit have been taken up with the company for immediate rectification? <i>(Dates of such correspondence letters furnished by the Branch should be mentioned.)</i></p>	

	Are deficiencies observed during document audit have been rectified?	
III.	<p>Whether Security Register &amp; Limitation Register are maintained and properly recorded and updated.</p> <p>(Security should be obtained as per terms of sanction including photocopies of consortium document along with a certificate for holding the original with the lead bank to be ascertained.)</p> <p>(In an event documents are executed at a location different from Branch, and copies of such documents are not available in Branch record, whether Branch is holding confirmation from our Bank's local Branch (place/ state where documents were executed) that the related documents (or certified copies thereof) are held at the said Branch?)</p>	
IV.	<p>Credit auditor should confirm whether item-wise updation in Finacle has been done and is duly supported by latest available report viz. CA certificate/ Valuation certificate/ etc?</p> <ol style="list-style-type: none"> <li>a. Loan documents (executed for full loan amount)</li> <li>b. Stipulated securities</li> <li>c. Stocks</li> <li>d. Book debts</li> <li>e. Collateral securities</li> <li>f. Term Deposits</li> <li>g. Surrender Value Certificate (for Life Insurance Policies)</li> <li>h. National Saving Certificates/ Kisan Vikas Patra</li> </ol> <p><b><i>Date of such reports to be with nature mentioned item wise.</i></b></p> <p>Whether such reports are current &amp; valid (and not stale/old)?</p> <p>Incase of TD/NSC/KVP etc, whether the securities are presently within maturity dates and not expired? <i>(date to be mentioned)</i></p> <p>Similarly for LIPs, whether the Branch is holding the latest premium payment receipt? <i>(date to be mentioned)</i></p>	



<p><b>V.</b></p>	<p>Whether creation of mortgage of immovable property/ assets done as per terms of Sanction? Availability of the following is to be commented upon:</p> <p>a. For Equitable Mortgage: Availability of Original title deed along with complete chain of title deeds. (or certified copies of the title deeds with chain where documentation is done under Consortium / Security Trustee arrangement).</p> <p>b. For mortgage of Lease hold property: Original registered lease deed along with consent/ tripartite agreement of lessor providing consent for creation of mortgage on lease rights. <i>(Legal opinion from Bank's empanelled lawyer/ Law Officer that mortgage documents obtained for leased properties (where applicable) are complete, unequivocal and Bank can legally enforce its rights in case such need arises)</i> <i>(The lease term of the lease deed should invariably be more than the currency of the credit facility sanctioned to the borrower.)</i></p> <p>c. In case of Registered mortgage, whether the mortgage has been registered at the office of concerned Deputy Commissioner/ Sub-Registrar of Assurances/ Registrar/ Inspector General of Registration etc (as per the law in vogue of the concerned state) as enumerated in the HO circular: Legal/Eqt Mort/4/OM-0566/10-11 dated 06.11.10?</p>	
	<p>d. Memorandum of deposit of title deeds: (Certified copies of Memorandum of deposit should be available in case of documentation under consortium/ Security Trustee)</p>	
	<p>e. Memorandum of entry: (Certified copies of Memorandum of entry should be available in case of documentation under consortium/ Security Trustee)</p>	
	<p>f. Whether Title search and Legal opinion on the immovable properties/assets as detailed in HO Circular LEGAL/EQTMORT/4/OM-0566/10-11 dated 06.11.10 has been conducted by empanelled advocate of the Bank as per stipulated terms of sanction?</p>	

	<p>Non-encumbrances and marketability Certificate certified by the advocate should have specific comments on the following:</p> <ul style="list-style-type: none"> <li>• encumbrance status of the property,</li> <li>• marketability of the property</li> <li>• mortgage-ability and legal enforceability</li> <li>• Classification of Land (Agriculture/ Non Agriculture)</li> </ul> <p>Findings of the title search/ legal opinion (based on searching of records for a period covering the date of last conveyance deed or for previous 13 years whichever is higher) with date of search to be commented upon.</p> <p><i>In consortium/ multiple banking arrangement, the title search / legal opinion related to mortgaged properties/ assets undertaken by other lenders may also be considered, provided copies of such reports are on Branch records.</i></p> <p><i>(As a prudent measure and in light of RBI notification no: RBI /2012-13/524/ DBS.FrMC.BC.No.7/23.04.001/2012-13 dated 07.06.13 regarding "Legal Audit of title documents in respect of large value loan accounts", it is advisable to conduct re-verification of title deeds at every 3-5 years of all such accounts enjoying credit facilities of Rs. 5 crore and above)</i></p>	
<p><b>VI.</b></p>	<p>Whether mortgaged properties have been entered in CERSAI. Date of entry, Asset id &amp; security id is to be mentioned.</p> <p><i>In the event CERSAI registration is done by Consortium Leader/ Security trustee, the Branch should hold a copy of confirmation from such entity along with duly certified copies of such CERSAI registration.</i></p>	
<p><b>VII.</b></p>	<p>Whether valuation of immovable properties has been done by Bank's Two independent empanelled Valuers (accounts where sanction loan limit is Rs.50.00 lac and above) in terms of HO Circular: CPPMI/CPPMI/49/OM-0454/12 – 13, dated 20.10.12? <i>(unless specifically waived by the Sanctioning / Competent Authority)</i></p> <p>(Date of latest valuation along with value is to be mentioned).  [Market value, distress value – Both to be mentioned]  <i>Valuation is to be done once in every three years.</i></p>	

<p><b>VIII.</b></p>	<p>Whether Bank's charge covering all loan and security documents has been filed with ROC? (date and amount secured to be given)</p> <p>Whether search in respect of charges registered with ROC has been obtained from Bank's empanelled CA/CS. (brief findings to be given)</p> <p>Whether the report of CA/ CS confirms that:</p> <p>a. Bank's charge is filed with ROC in accordance with terms of sanction, so as to protect Bank's interest)</p> <p>b. No charges other than those disclosed by the borrower subsist or yet to be satisfied. If there is any such comment by the auditor, steps for satisfaction of charge should be taken up immediately.</p>																											
<p><b>IX.</b></p>	<p>Whether Network of Guarantors (Personal / Corporate) has been assessed as per terms of sanction. Latest assessment of all such guarantors is to be mentioned in brief.</p> <p>Whether Network certificate disclose the particulars of assets based on which Network has been derived?</p> <p>Whether by the Branch has prepared any opinion sheet on Network of borrowers/ guarantors etc?</p>																											
<p><b>X.</b></p>	<p>Value connection in the account during .....to ..... (Last financial year + current financial year)</p> <p>Whether the above charges/ interest are in line with terms of sanction?</p> <p>Whether subsequent credits have been made by the borrower in the respective accounts to establish servicing of these charges?</p>	<table border="1"> <thead> <tr> <th></th> <th>Last FY (a)</th> <th>Current FY(b)</th> </tr> </thead> <tbody> <tr> <td>Processing Charge:</td> <td></td> <td></td> </tr> <tr> <td>Interest :</td> <td></td> <td></td> </tr> <tr> <td>Commission LC/BG/ LoC:</td> <td></td> <td></td> </tr> <tr> <td>Inspection charge:</td> <td></td> <td></td> </tr> <tr> <td>Others if any:</td> <td></td> <td></td> </tr> <tr> <td>Total</td> <td></td> <td></td> </tr> <tr> <td colspan="3">Total (a) + (b):</td> </tr> </tbody> </table>				Last FY (a)	Current FY(b)	Processing Charge:			Interest :			Commission LC/BG/ LoC:			Inspection charge:			Others if any:			Total			Total (a) + (b):		
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<p><b>XI.</b></p>	<p>Whether periodic inspection of the project site/ unit (as applicable) is being carried out by RO &amp; Branch in the account as per terms of sanction (including periodic inspection of collateral securities?)</p> <p>Whether Branch has conducted subsequent inspection of goods received under LC by the borrower? (wherever applicable)</p>																											

	Findings together with rectifications (if any) of last two inspections carried out by RO & Branch are to be mentioned.																									
	<p>Whether the Branch has forwarded copies of inspection report to the Sanctioning Authority? In event, it is observed by Credit Auditor, that such reports have not been forwarded, Branch should be advised to forward the same to RO/ Sanctioning Authority.</p> <p><i>(With respect to NBFC, Cold Storage, Tea Gardens etc, where specific inspection format has been devised for this purpose, the same should have been used for filling the inspection report)</i></p> <p>Creditor auditor should ascertain and confirm:</p>																									
<b>XII.</b>	<p>Whether insurance has been obtained in line with the appraised level of inventory?</p> <p>Whether insurance is also available for all insurable securities including collateral securities?</p> <p>(Amount/ validity/ items insured to be mentioned)</p>	<p><b>Particulars of Insurance obtained.</b></p> <p style="text-align: right;">(Rs in.....)</p> <table border="1" data-bbox="928 743 1520 1192"> <thead> <tr> <th>Items</th> <th>Appraised level of Stock/ Value of Building, P&amp;M</th> <th>Amount insured</th> <th>Validity</th> </tr> </thead> <tbody> <tr> <td>Stock</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Building/ Factory</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Plant &amp; Machinery</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Others (including property under collateral security, if any)</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Total</td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p><b>Insurance obtained for Primary Security:</b>  <b>Insurance obtained for Collateral Security:</b>  <b>Total insurance obtained in the account:</b></p>	Items	Appraised level of Stock/ Value of Building, P&M	Amount insured	Validity	Stock				Building/ Factory				Plant & Machinery				Others (including property under collateral security, if any)				Total			
Items	Appraised level of Stock/ Value of Building, P&M	Amount insured	Validity																							
Stock																										
Building/ Factory																										
Plant & Machinery																										
Others (including property under collateral security, if any)																										
Total																										
	Whether proper 'Bank Clause' is available?																									
	<p>Whether insurance obtained in the accounts is adequate? Comment on adequacy of insurance is to be made vis-à-vis the item of asset insured.</p> <p>For advances where LIA has been appointed, whether LIA has certified adequacy of insurance as of recent date? (Date of such certificate should be given)</p>																									

## 11. Movement of Internal Risk Rating:

FY	Internal rating of the account	Balance sheet date	IMaCS rating of the account	Reasons for any change in rating
Current				
Last				
Previous				

## 12. Rating by Independent RBI approved Agency in compliance of BASEL Norms:

Rating Agency	Rating	Risk Weight	Rating Description

Comments on correspondence or deviations from Bank's rating:

## 13. Pricing:

UBICR:	Applicable Rate of Interest as per Bank's rating:	Fixed / Floating
Rate of Interest allowed:		
Whether actual interest charging is as per terms of sanction? (based on sample checking)		
Reset clause option:		
Whether concession in rate of interest (wherever observed) has been duly approved/ Sanctioned by Competent Authority?		
Date of such approval should be mentioned:		

## 14. Compliance of Exposure Ceiling Limit:

Parameters	Position of the account as on .....	Remarks
<p>Prudential exposure ceiling for individual/ group borrower(s) vis-à-vis Bank's Capital Fund of <b>Rs 5980.53 Cr. as on 31.03.2014:</b></p> <p><b>(a)</b> in infrastructure (single/group): 20% / 50% of Net Capital Fund Rs 1196.10 Crore &amp; Rs 2990.27 Crore (25%/55% under special circumstances with approval of Board of Directors)</p> <p><b>(b)</b> in other than infrastructure (single/group): 15%/40% of Net Capital Fund Rs 897.08 Crore &amp; Rs 2392.21 Crore (20%/45% under special circumstances with approval of Board of Directors)</p> <p><b>(c)</b> in NBFC / NBFC-AFC / NBFC-IFC/ NBFC- Gold: 10% / 15% / 40%/ 7.5% respectively of Net Capital Fund Rs 598.05 Cr. / Rs 897.08 Cr / Rs 2392.21 Cr / Rs 448.54 Cr.</p>	<p>Within benchmark limit:</p> <p>Group name: Name of Gr.A/cs:</p> <ol style="list-style-type: none"> <li></li> <li></li> <li></li> <li></li> <li></li> </ol> <p>Total Exposure: Rs.....Crore (including the proposed limit)</p>	Yes / No

**N.B.:** The above exposure norms shall be applicable as per RBI stipulations issued from time to time.

## 15. Compliance of Benchmark Financial Parameters of Lending Policy (except Restructured accounts)

Sl no	Benchmark parameter	Compliance of the Benchmark parameter (as per the sanction note)
I.	Promoter/s contribution should be minimum 20% in the paid-up equity	
II.	<b>Current Ratio:</b> (not applicable for Greenfield projects under implementation stage)	

	<ul style="list-style-type: none"> <li>For all cases (other than MSME/ Export Credit) - at least 1.33 (without repayment of term liabilities falling within next 12 months).</li> <li>For MSME it should be 1.25</li> <li>For Export Credit minimum 1.18</li> </ul>	
III.	<p><b><u>TOL/TNW ratio should not exceed:</u></b></p> <ul style="list-style-type: none"> <li>4:1 for industrial units including Manufacturing Unit in MSME</li> <li>6:1 for Service (including service unit under MSME)/ 4:1 for takeover proposals</li> <li>3:1 for Trading units</li> <li>6:1 for Infra./Construction/Real Estate,</li> <li>10:1 for NBFC (TOL/NOF)/ 6:1 for NBFC takeover proposals (TOL/NOF)</li> </ul>	
IV.	<p><b><u>Debt Equity Ratio: (For Term Loan) should not exceed</u></b></p> <ul style="list-style-type: none"> <li>3:1 for industrial units including Manufacturing Unit in MSME</li> <li>4:1 for Service (including service unit under MSME)/ 3:1 for takeover proposals</li> <li>2.5:1 for Trading units</li> <li>4:1 for Infrastructure/ Construction/ real estate companies.</li> </ul>	
V.	<p><b><u>Debt Service Coverage Ratio (DSCR) – (For Term Loan)</u></b></p> <ul style="list-style-type: none"> <li>Average DSCR – 1.5:1</li> <li>Minimum DSCR should not be less than 1.20:1</li> <li>For infrastructure – Average DSCR – 1.33:1 (minimum being the same)</li> </ul>	
VI.	<p><b><u>Fixed Asset Coverage Ratio (FACR)/ Asset Coverage Ratio (ACR)</u></b></p> <ul style="list-style-type: none"> <li>For Working Capital Loans, ACR should preferably be 1.33 or more but should not be less than 1.20.</li> <li>For proposal involving both working capital and term loan, ACR should preferably be 1.50 or more, but should not be less than 1.20.</li> <li>For Term Loans, Fixed Asset Coverage Ratio (FACR) should preferably be 1.50 or more, but should not be less than 1.20.</li> <li>In PPP projects (including toll based Road projects), ACR may be 1:1 (provided that same is approved in the terms of sanction and is complying with RBI stipulated norms.</li> <li>For Commercial Real Estate: ACR should not be less than 1.25.</li> </ul>	
VII.	<p><b><u>Tenor/Maturity to be maintained:</u></b></p> <ul style="list-style-type: none"> <li>Short Term Loan: door to door tenure upto 1 year</li> <li>Medium term loan door to door tenure exceeding 1 year and upto 3 years</li> <li>Long Term Loan (non-infrastructure) door to door tenure exceeding 3 years &amp; upto 7 years</li> <li>TL (infrastructure &amp; project loan) door to door tenure may exceed 7 years &amp; upto 20 years.</li> </ul>	

	<ul style="list-style-type: none"> <li>• Bill Discounting (both inland &amp; foreign) with maturity period normally not exceeding 180 days.</li> </ul>	
VIII.	Internal risk rating of the account should be atleast UBICR3 and external rating BBB (Long term) / A3 (Short term) {other than Takeover proposals}	
IX.	<p>Whether there are approvals available for deviations/ relaxations in any of the above benchmark parameter taken from the appropriate competent authority as per the lending policy of the Bank?</p> <p>If yes, record of approval for which the deviations were taken from the competent authority on record?</p>	

## 16 .A Comments on Working Capital (fund based):

Sl No	Particulars	Present position.
I.	<p>a. Whether Stock and Book Debt statement being submitted within due dates on regular basis. <i>(Availability of last 6 months statements to be ascertained).</i></p> <p>Whether penal charges are being recovered in the account for non submission of Stock and Book Debt Statement? (If not, arrears are to be recovered.)</p>	
	<p>b. Is the stock &amp; Book debt statement available in Bank's standard format and complying with/ providing all information required as per terms of sanction? (Stock and Book debt statements are to be submitted in the prescribed format as per HO circular: CRMTR/ Policy/7/OM-083/14-15) <i>Stock and book debt statement has to be examined by Credit auditor)</i></p> <p>In the event the statement is not in the Bank's format, the credit auditor should examine the availability of the following minimum requirements in the statement:</p> <p>i) The stocks/ book debts declared are hypothecated to the bank/ consortium to the full extent of the Bank's advance</p> <p>ii) Submission of age wise break up of sundry debtors for domestic receivables:</p> <p>iii) In case goods purchased under LC (Bank wise and amount wise) should be shown as a separate declaration for proper allocation of DP.</p> <p>iv) Declaration related to insurance/ validity and enforceability of insurance and period upto which the premium has been paid.</p> <p>v) The quantity of the raw material, work-in process, finished goods etc. recorded represent the true and accurate stocking position obtained as on date of statement and are in conformity with permanent books of accounts.</p>	

	vi) Rates of valuation as indicated truly reflect the invoice rates or the contract rates or cost of production/sales or market price or controlled price whichever are the lowest.																																																	
	c. Whether borrowing concern is submitting age-wise break up of Sundry Debtors along with the Stock/ Book debt statement?																																																	
	d. Whether only paid for stocks are considered for DP calculation? [Eligible Stock – less (Sundry creditor + Stock under LC)]x [100 – stipulated margin] + Book Debt (upto period allowed in sanction terms) x [100- stipulated margin]																																																	
	e. Is the stock being stored at multiple locations? If so, whether stock statement is disclosing location wise inventory position?																																																	
II.	<p>Whether unit inspection conducted by RO/ Branch Officials highlight/ comment on the following:</p> <ul style="list-style-type: none"> <li>• Approx distance of the project site from Branch.</li> <li>• Working conditions of plant/project.</li> <li>• Verification of stock on random basis with reference to the latest stock statement furnished by the borrower.</li> <li>• Observations on whether progress of project is as per the schedule.</li> <li>• Proper place to store the raw materials.</li> <li>• Power &amp; water supply arrangement</li> <li>• Copies of insurance policies.</li> <li>• Safety instruments/fire extinguishers etc.</li> <li>• Production inward/outward register</li> <li>• Licenses/Approval required and validity of such approvals (and its availability).</li> <li>• Hypothecation board of the lenders.</li> <li>• Number of employees/laborers working, as per the requirement of the project/if existing project then based on turnover.</li> <li>• Proof of payment of all statutory dues including Land Revenue and Provident Fund, ESIC etc.</li> </ul>																																																	
III.	<p>Whether the borrower is maintaining stock/ receivables in line with the appraised requirements considered for calculating MPBF?</p> <p><i>Credit auditor should provide the position for last three months.</i></p>	<table border="1"> <thead> <tr> <th></th> <th></th> <th colspan="2">Month 1</th> <th colspan="2">Month 2</th> <th colspan="2">Month 3</th> </tr> <tr> <th>S. no</th> <th>Particulars</th> <th>Est</th> <th>Actual</th> <th>Est</th> <th>Actual</th> <th>Est</th> <th>Actual</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Stock</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>2</td> <td>Receivables</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>3</td> <td>Sundry Creditors</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td colspan="8">Comments of credit auditor w.r.t above position:</td> </tr> </tbody> </table>			Month 1		Month 2		Month 3		S. no	Particulars	Est	Actual	Est	Actual	Est	Actual	1	Stock							2	Receivables							3	Sundry Creditors							Comments of credit auditor w.r.t above position:							
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IV.	<p>Whether MSOD /QIS is being submitted within due dates on regular basis. (Position of at least last two quarters to be ascertained)</p> <p>Whether the Branch is examining the performance of the borrower with respect to QIS statements to ascertain proportionate achievement of sales/ turnover vis-à-vis the projections for the year? Deviations, if any, should be properly justified / explained by the Branch.</p>	
V.	<p>Whether all / pro rata transactions are being routed through the borrower's Cash credit account with the Bank. Transactions routed should match / be commensurate with the MSOD/ QIS/ FFR statements submitted by the borrower?</p>	
VI.	<p>Estimated production in M.T. vis-à-vis actual production upto previous quarter of the date of credit audit, Estimated sales for the full year, sales achievement upto the end of previous quarter of the date of credit audit. (for manufacturing units only)</p>	
VII.	<p>a) <i>In terms of HO circular: CRMTR/ADV/3/OM-058/14 - 15 dated 28.04.14, whether the following are being adhered to:</i></p> <ul style="list-style-type: none"> <li>• Number of times adhoc limit has been granted in the account during last six months. (<i>Adhoc / TOD facility can be sanctioned twice during a financial year and for sanctioning on more than two occasions, a fresh proposal shall be sent to next higher authority for consideration.</i>)</li> <li>• <i>Period for which TOD was allowed should not exceed the maximum period allowed in extant HO circular.</i></li> </ul> <p>b) Whether account is due for review for more than 3 months? c) Whether reasons for allowing TOD/ Adhoc at competent level based on borrower's request is available on Branch record? d) Whether the DP calculation for allowing TOD/Adhoc is based on stock statement not older than 90 days on the date? e) Whether additional interest for adhoc/ TOD is charged and recovered? <i>Excess drawing / Adhoc should be liquidated / regularized within stipulated due dates.</i></p>	
VIII.	<p>Whether in Case of Cash Credit Accounts, cheques are being issued in favour of Directors/Associates/ entities other than borrower's suppliers/ payments required during ordinary course of borrower's line of activity during the last six months? Whether there is frequent withdrawal in cash? Whether abnormal (large value credits not related to borrower's line of activity/ not adequately captured in sales) or infrequent credits observed? Whether the Branch has obtained suitable explanation in this regard and the same is available in Branch record?</p>	

IX.	<p>Whether operations in the CC account are inflated by cash withdrawals and cash deposits / Frequent return of cheques (both inward &amp; outward)?</p> <p>(Cash withdrawals greater than 5% of the sanctioned limit in aggregate in a particular month) Position with regard to account statement of last 6 months be examined.)</p>	
X.	<p>a. Whether <b>Stock &amp; Receivables (S &amp; R)</b> audit is done as per terms of sanction (date of last Stock &amp; Receivable audit &amp; findings in stock and receivable audit report in brief.</p>	
	<p>b. <i>Stock &amp; Receivables audit, if done, by Bank's empanelled auditor should be as per Bank's standard format provided in HO Circular no: CPPMI/ADV/6/OM-027/08 – 09, dated 12.04.08.</i></p>	
	<p>c. Branch/ Credit Auditor will refer to the certificate as provided in the above HO circular and ascertain whether the following aspects have been covered by Stock and Receivables auditor in its certificate. (in the event the S &amp; R report is not as per the Bank's standard format)</p> <p>I. Auditor's certificate certifying that Stock/ inventories and book debts reported in the S &amp; R statement under reference (based on which the S&amp; R audit was carried out) reflect true and correct picture of Stock/ inventories and book debts as reflected in the books of accounts of the borrower company/ firm.</p> <p>II. No material discrepancies were noticed on physical inspection on such stock/ inventory and book debts in the opinion of the S &amp; R auditor.</p> <p>III. Valuation of such stock/ inventory and book debts is fair, proper &amp; done in accordance with the normally accepted accounting principles.</p> <p><u>(Wherever the S &amp; R auditor has qualified his/ her comments in the above matter, rectifications of such qualified comments/ observations should be ensured by the RO/Branch.)</u> The actual compliance status to be commented upon by the Credit Auditor.</p> <p>d. Comments/ observations made in the Stock and receivables audit inter-alia in respect of the following are to be examined by the credit auditor:</p> <p>I. Physical value of stock verified with the stock and book debt statement:</p> <p>II. Insurance details.</p> <p>III. Proper DP calculation and availability of DP</p> <p>IV. Comments on slow moving, obsolete, unusable/ damaged stock.</p> <p>V. List of debtors and creditors with complete addresses with age-wise classification.</p> <p>VI. Comments on quality (realisibility) of receivables.</p> <p>VII. Comments on holding level of stock and receivables in line with MPBF assessment.</p>	

	e. Whether major comments of Stock & Receivable audit are rectified? Status on date of credit audit to be informed by Credit auditor – item-wise.																																					
XI.	<p>In accounts where assessment of working capital has been done by Cash Budget system the following needs to be ascertained:</p> <p>a) Whether the borrower has submitted all the actual cash budget statements required as per terms of sanction?</p> <p>b) Is the Branch calculating the eligible Drawing Power on the basis of Cash Budget statement furnished by the borrower?</p> <p>c) Is the turnover reflected in Actual Cash Budget in consonance with the Projected Cash Budget accepted for assessment of the sanctioned limit?</p> <p>d) Whether Branch has obtained explanation to its satisfaction in regard to deviations observed in actual cash budget vis-à-vis projected cash budget?</p> <p>e) Has the RO/ Branch obtained approval of Sanctioning/ Competent Authority for such deviations?</p> <p>f) Whether transactions in the account commensurate the actual inflow &amp; outflow as projected in the cash budget?</p> <p>g) Is the account excess drawn on date of Credit audit vis-à-vis the approved Cash Budget position?</p>																																					
XII.	<p>Whether diversion of working capital funds observed? (For WC facility under Sole Banking facility only)</p> <p>a. The turnover of CC account is to be matched with the Stock and Book Debt statement for corresponding period. It should be ascertained that movement of finished goods + book debts is corresponding with credit turnover (<math>\pm 10\%</math> variation may be accepted).</p> <p>b. Accumulation of book debts &amp; finished goods, Raw materials over last 3 months (stock and book debt statement) should trigger early warning as it indicates that there is a potential of borrower not being able to carry on the business activity.</p>	<table border="1"> <thead> <tr> <th colspan="3">As per stock statement of last 3 months:</th> <th>Rs in .....</th> </tr> <tr> <th></th> <th>Month 1</th> <th>Month 2</th> <th>Month 3</th> </tr> <tr> <th>Month</th> <th>Current</th> <th>Previous</th> <th>Previous</th> </tr> </thead> <tbody> <tr> <td>Stock</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Book Debt</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Total</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Our share in total limits</td> <td></td> <td></td> <td></td> </tr> <tr> <td>CC a/c credit turnover</td> <td></td> <td></td> <td></td> </tr> <tr> <td colspan="4">Comments on turnover in the account viz. accumulation or deterioration in stocks and receivables:</td> </tr> </tbody> </table>	As per stock statement of last 3 months:			Rs in .....		Month 1	Month 2	Month 3	Month	Current	Previous	Previous	Stock				Book Debt				Total				Our share in total limits				CC a/c credit turnover				Comments on turnover in the account viz. accumulation or deterioration in stocks and receivables:			
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XIII.	Overall comments on Assessment of Working Capital:																																					

## 16. B Comments on Term Loan Finance:

Sl no	Particulars	Present position
I.	<p>Whether loans disbursed is commensurate with the borrower contribution such that debt/ equity ratio as envisaged in the Bank's Terms of sanction is maintained?</p> <p>Whether the branch is holding post disbursement documents relating to utilization of Bank's funds viz. CA certificates, copies of documents evidencing creation of underlying assets as per terms of sanction.</p>	
II.	<p>Is utilization certificate duly supported by original invoices &amp; transport challans at the project site evidencing the delivery of material and also creation of securities/ assets?</p>	
III.	<p>Whether drawal and repayment schedule are properly updated in Finacle strictly as per terms of sanction?</p> <p><i>(The same can be verified from Finacle: Drawal schedule – ACM-I- (a/c no.) – J/ Repayment schedule – ACI--I- (a/c no.)- E)</i></p>	
IV.	<p>Are all disbursements made directly to the vendors / to the lead Bank based on LCN received from the Lead lender?</p>	
V.	<p>Status of submission / availability of latest LIE certificate / Chartered engineer (if specified in terms of sanction).</p> <p>Whether the report properly addresses aspects relating to project implementation? Comments on project implementation status vis-à-vis project implementation schedule, comments on timely completion of project/ achievement of COD etc?</p> <p>Deviations, if any observed in the implementation schedule are to be commented/ addressed.</p>	
VI.	<p>Whether copies of necessary and valid approvals &amp; clearances related to the project are available on Branch record?</p> <p>Have these been duly confirmed by LIE/ Chartered Engineer?</p> <p>Availability of such approvals and clearances to be ascertained from the reports available with Branch and duly confirmed by Borrower/LIE/ CE?</p>	
VII.	<p>Whether inspection has been carried out by RO &amp; Branch officials as per terms of sanction: (Date of inspection to be given)</p>	

Whether the inspection report, among other observations, contains specific comments on the following:		
Salient features to be covered for <b>Projects under implementation</b>	Salient features to be covered for <b>Project already achieved commercial operations</b>	
<ul style="list-style-type: none"> <li>• Approx distance from the Branch.</li> </ul>	<ul style="list-style-type: none"> <li>• Approx distance from the Branch.</li> </ul>	
<ul style="list-style-type: none"> <li>• Whether permission for construction obtained by the borrower from Local and Statutory authorities?</li> </ul>	<ul style="list-style-type: none"> <li>• License / approvals to operate the business/ activity and validity as on date of inspection.</li> </ul>	
<ul style="list-style-type: none"> <li>• Whether construction of the project is actually under progress? (Construction of boundary walls, ground preparation, and temporary sheds etc.) Availability of construction materials at the site.</li> </ul>	<ul style="list-style-type: none"> <li>• Maintenance of Production inward/ outward registers by the borrower. (Provision for storage of raw materials / finished goods in case of manufacturing units)</li> </ul>	
<ul style="list-style-type: none"> <li>• Whether power / water required for construction activity have been installed at the project site? Meters for electricity and water (wherever applicable) along with bills paid against the same may be verified.</li> </ul>	<ul style="list-style-type: none"> <li>• Power and water supply arrangement required for operations. (Meters for electricity and water (wherever applicable) along with bills paid against the same may be verified.)</li> </ul>	
<ul style="list-style-type: none"> <li>• Availment of Term loan vis-à-vis creation of assets.</li> </ul>	<ul style="list-style-type: none"> <li>• Fire-fighting and other safety measures implemented in the project.</li> </ul>	
<ul style="list-style-type: none"> <li>• Availability of manpower/ labour actually working on the project site as per requirement of the project supported by muster/ attendance records.</li> </ul>	<ul style="list-style-type: none"> <li>• No. of employees/ labour employed by the borrower required for achieving the targeted turnover, supported by muster/ attendance records.</li> </ul>	
<ul style="list-style-type: none"> <li>• Hypothecation board of Lenders displayed at prominent place.</li> </ul>	<ul style="list-style-type: none"> <li>• Hypothecation board of Lenders displayed at prominent place.</li> </ul>	
<ul style="list-style-type: none"> <li>• Insurance policies obtained by the borrower for insuring project assets.</li> </ul>	<ul style="list-style-type: none"> <li>• Insurance policies obtained by the borrower for insuring project assets.</li> </ul>	
<ul style="list-style-type: none"> <li>• Constraints being faced by the promoters (if any) with its mitigants based on discussion with the borrower.</li> </ul>	<ul style="list-style-type: none"> <li>• Constraints being faced by the promoters (if any) with its mitigants based on discussion with the borrower.</li> </ul>	

	<ul style="list-style-type: none"> <li>Comments on likeliness of timely completion of project.</li> </ul>	<ul style="list-style-type: none"> <li>Whether the utilization of the unit was found at an acceptable level as per the capacity utilization schedule duly approved by the lenders?</li> </ul>	
	<ul style="list-style-type: none"> <li>Others, if any.</li> </ul>	<ul style="list-style-type: none"> <li>Others, if any.</li> </ul>	
VIII.	For projects which have already achieved commercial operations, whether the servicing of interest / installment being done on time?		
IX.	<ul style="list-style-type: none"> <li>Whether Escrow/ TRA, DSRA (where stipulated in terms of sanction) are established?</li> <li>Whether Branch is obtaining copies of statement of such accounts?</li> <li>Whether prorate amount is being deposited with our Bank?</li> </ul>		
X.	In cases where only Term Loan facility has been sanctioned to the borrower under Multiple/ Consortium Banking arrangement, whether the Branch has explored obtaining of operating financial reports on periodic basis to ascertain the progress/ performance of the borrower? (Branch should obtain the same for effective monitoring of the account)		
XI.	Overall comments on Assessment of Term Loan		

**17. (A) For Takeover Proposals (Comments on compliance as per processing/ sanction note)**

SI No	Particulars	Present position of compliance.	Remarks
I.	Date of Pre-sanction inspection along with findings by the RO and Branch officials are to be mentioned.		
II.	Borrower should have a internal credit Risk Rating of UBICR 2 / external rating A or better.		
III.	Whether the borrower has changed its lenders more than once during last 3 years? (Summarized history of such movement along with reasons is to be mentioned.)		
IV.	Whether in-principle approval from Board obtained prior to take over of any account, where Bank's ED/ CMD had previously worked? If yes, whether approval of relevant authority is available on record?		
V.	Takeover proposal for infrastructure/ construction, enhancement of credit facilities (proposed to be taken over)/ elongation of repayment term to be sanctioned at HO level.		
VI.	Whether any enhancement allowed within 6 months from the date of taken over?		

<b>VII.</b>	Whether account statements of atleast last 12 months were obtained and examined by the Branch/ RO prior to sanction of the credit facility? <i>(Statement of accounts is also to be examined at the time of credit audit and observations related to nature of transactions to be made.)</i>		
<b>VIII.</b>	Whether the Unit has been making net profit in the immediate preceding three years? <i>(The unit should be at least three years old)</i>		
<b>IX.</b>	Whether there is a request for enhancement of credit facility proposed in the current takeover proposal?  <i>(Enhancement in takeover proposal shall be allowed by competent authority at HO only)</i> Whether such approval is in place?		
<b>X.</b>	Whether satisfaction of charge / delivery of title deeds from the existing lender to our Bank have been done? If not, whether the confirmation from the existing lender obtained regarding possession of such securities by them on our behalf obtained? <i>(to be ascertained at the time of Credit audit)</i>		
<b>XI.</b>	Whether No Dues Certificate from existing lender(s) has been obtained prior to the disbursement / release of facility?		

**17. (B) Observations on benchmark financial parameters for Project Finance (Infra and non – Infra) proposals:**

<b>Sl No</b>	<b>Particulars</b>	<b>Present position of compliance.</b>	<b>Remarks</b>
<b>I.</b>	Total fund based and non-fund based exposure in the account should not exceed 9 times of TNW of the borrower. <i>(Position is to be ascertained as per sanction note)</i>		
<b>II.</b>	IRR should not be less than the interest charged in case of project finance where exposure is Rs.10.00 Cr. and above.		
<b>III.</b>	Techno-Economic-Feasibility/Detailed Project Report has to be prepared by a reputed consultant for Term Loan proposals above Rs 10.00 Cr.		
<b>IV.</b>	Whether infusion of upfront equity of at least 25% of total equity stipulated in the terms of sanction and compliance thereof.		
<b>V.</b>	Whether credentials of foreign participants of the project from accredited agencies like Dun & Bradstreet approved by the Bank has been obtained?		
<b>VI.</b>	All infrastructure proposals shall be sanctioned only at HO except: (i) Education Institutions (including capital stock) when the loan is secured in full by tangible collaterals, (ii) Hospitals (capital stock), (iii) Fertilizer (Capital investment), (iv) Post harvest storage infrastructure for agriculture and horticultural produce including cold storage. (v) Terminal markets, (vi) Soil-testing laboratories & (vii) Cold Chain.		

## 17. (C) Observations on Non Fund facilities: Bank Guarantee (BG)

Sl No	Particulars	Present position of compliance.	Remarks
I.	Whether purpose of Bank Guarantee issued as per approved purpose of terms of sanction and the complying with all other approved BG parameters of terms of sanction? Whether the beneficiary of the BG is also as per approved terms/ approved parameters of BG?		
II.	Whether margin in the BG / additional security (if stipulated in terms of sanction) has been obtained at the time of issuing BG? Whether margin/ additional security (as applicable) has been properly entered in SRM?		
III.	Whether automatic cancellation clause & limited liability clause are incorporated at the end of the Guarantee Bonds (i.e. as last para of the Guarantee Bond)?		
IV.	Whether commission has been duly realized at the time of issuing BG upfront in accordance with terms of sanction? Whether Bank's due commission recovered upto date?		
V.	Whether Form A & B for monitoring the issued Bank guarantees are being obtained by the Branch and the progress of underlying projects for which BG have been issued examined/ inspected/ ascertained by Branch Officials regularly?		
VI.	Whether inspection has been carried out by the RO & Branch for monitoring progress of issued BG at periodic intervals? Specific inspection carried out by Bank's Officials before allowing extension/ renewal of BGs. <i>(unless specifically exempted in terms of sanction)</i> Brief comments on the inspection are to be mentioned.		
VII.	Whether the Branch has forwarded the relevant BG bonds directly to the beneficiary? (i.e. directly through Registered post/ Speed post etc) Records of correspondence on confirmation of delivery of BG to the beneficiary / or the beneficiary's Banker & also together with intimation (in the same communication) that Bank's liability ceases to exist in event expiry of BG, made through registered post? <i>(Records of such communications to be examined)</i>		
VIII.	Whether there are any incidences of invocation of Bank Guarantees in the past? Has the borrower cleared off the liabilities/ dues under invoked guarantees within a reasonable time (say within one month)?  Whether fresh BG were issued pending regularization of invoked BGs? Whether permission for issuance of such BG from the Sanctioning/ Competent Authority is available on record? <i>(Reasons of such invocations to be ascertained from Branch Officials and commented.)</i>		



IX.	What are the steps/ measures initiated by the RO/ Branch for realization of amount (if yet not paid) under invoked BGs?		
X.	<p>Whether BGs outstanding in the account are within the due dates?</p> <p>If expired, whether the Branch has 'marked off' such BGs in the Finacle?</p> <p><b>The necessary steps taken by the Branch should be duly confirmed to the Credit Auditor at the time of 'on-site' audit.</b></p> <p><i>In the event it is observed that BG has expired/ stale on the date of inspection, then immediate steps for its 'marking off' from Bank's books are to be initiated by the Branch by sending expiry notice (under Registered A.D. cover) to the beneficiary, if not already done. Expired BG bonds (original) are to be obtained by the Branch from the beneficiary of BG)</i></p> <p><i>(In case the BG is issued to Govt. Authority/ Departments due acknowledgement of the receipt of expiry notice should be available before 'marking off' the BG from the Books of Accounts (in the event original BG bond has not been returned by the concerned Govt. Authority/ Department.)</i></p>		

### 17. (D) - Observations on Non Fund facilities: Letter of Credit:

Sl No	Particulars	Present position of compliance.	Remarks
I.	Whether purpose of LC issued as per approved purpose of terms of sanction and the complying with other approved LC parameters of terms of sanction?		
II.	<p>Whether the following underlying documents (only an indicative list) are available with respect to LCs:</p> <ul style="list-style-type: none"> <li>• Original invoice/ order copies: (Packing list of goods/ prices/ charges etc):</li> <li>• Bill of exchange:</li> <li>• Certificate of Origin (for import LCs)</li> <li>• Insurance documents (transit/ as applicable)</li> <li>• Export Certificate (for import LCs)</li> <li>• Dun &amp; Bradstreet Report (in case of foreign supplier)/ Market report on LC beneficiary (for domestic LC)</li> <li>• Status of materials to be delivered under LC (Already with the borrower/ in transit/ yet to be shipped)</li> <li>• Copies of documents evidencing receipt of goods by the borrower in due course.</li> <li>• Any other document stipulated under the LC.</li> </ul>		

<p><b>III.</b></p>	<p>a. Whether margin in the LC and or additional security (stipulated in terms of sanction) has been obtained prior to release of LC facility?</p> <p>b. Whether cash flow statement for ensuring timely retirement of bills under the LC has been submitted by the Borrower at the time of opening the LC?</p> <p>Whether the Branch is also monitoring the actual performance / reports vis-à-vis the cash flow given by the Borrower/ applicant?</p>		
<p><b>IV.</b></p>	<p>Whether the present status of the underlying goods/ materials purchased under LC (including Capex LC) ascertained by the Branch through inspection of the unit/ project site (supported by Lenders Engineer/Chartered Engineer reports/ CA certificate as stipulated)?</p> <p>Copies of such inspection report in Branch record should be examined.</p>		
<p><b>V.</b></p>	<p>Whether services of IBA approved transporters (wherever applicable)/ Shipping Receipts / Air transport receipts as applicable is being used for transport of goods?</p> <p>(Availability of proof of delivery of goods viz Lorry receipts / Shipping documents/ Air receipts etc with Branch to be examined and commented by Credit auditor)</p>		
<p><b>VI.</b></p>	<p>Whether the stock statement (in Bank's format) submitted by the Borrower has a separate declaration of goods procured under LC along with creditors (other than LC for capital goods)?</p>		
<p><b>VII.</b></p>	<p>Whether goods (procured under LC) including in transit are fully insured against all risks, whatsoever?</p> <p>(Copy of such insurance is to be examined)</p>		
<p><b>VIII.</b></p>	<p>When LC has been issued for procurement of capital goods, whether Branch has earmarked the same in the sanctioned TL facility (so that overall exposure is within the sanctioned limit) unless this is specifically exempted by the Sanctioning/ Competent Authority or the LC (Capex) has been sanctioned as a separate facility?</p>		
<p><b>IX.</b></p>	<p>In case of FLC, whether a satisfactory credit opinion report on the suppliers of the company from accredited agencies like Dun &amp; Bradstreet (unless specifically waived in terms of sanction) has been obtained?</p> <p>Comments based on RO/ Branch's examination of the credit opinion report are to be made.</p>		

<b>X.</b>	<p>a) Whether proper hedging arrangement has been done by way of Forward Foreign Exchange Contract as per terms of sanction / HO circular IBD/CONTROL/6/OM-064/13-14 dated 03.05.13 in respect of import LCs?</p> <p>b) Whether undertaking for any foreign exchange fluctuation to be borne by borrower from own sources without resorting to any outside finance has also been obtained?</p>		
<b>XI.</b>	<p>Whether there have been incidences of devolvement of LC in the past 12 months?</p> <p>Whether the reasons provided by borrower for LC devolvement?</p> <p>Has the borrower cleared off the liabilities/ dues under devolved LC within a reasonable time (say within one month)?</p> <p>Whether the Branch has ascertained the availability of underlying goods/ materials under devolved LC through inspection?</p>		
<b>XII.</b>	<p>Whether fresh LC was issued pending regularization of devolved LCs?</p> <p>Whether permission for issuance of such LC from the Sanctioning/ Competent Authority is available on record?</p>		
<b>XIII.</b>	<p>What are the steps/ measures initiated by the RO/ Branch for realization of amount (if not paid yet) under devolved LCs?</p>		
<b>XIV.</b>	<p>Whether bills lodged under the LCs are within the due dates?</p> <p>Whether on retiring of Bills under LC, the Branch has closed such LCs in Finacle? <i>(to be checked by the Credit Auditor at the time of on-site Credit Audit)</i></p>		

### 17 (E) Letter of Comfort (LoC):

<b>Sl No</b>	<b>Particulars</b>	<b>Present position of compliance.</b>	<b>Remarks</b>
<b>I.</b>	<p>a. Whether the LoC has been issued after due appraisal of requirement by the Sanctioning/ Competent Authority? <i>(Issuance of LoC should be normally done by earmarking funded limit and not non fund/ LC limits)</i></p>		
	<p>b. Whether issuance of LoC substituting LC is allowed on case to case basis on merit by the Sanctioning Authority as per the Lending Policy? (Relevant appraisal cum sanction note should be available)</p>		
<b>II.</b>	<p>Whether LoC has been allowed for availing buyer's credit or any other purpose and whether proper sanction for allowing LoC from the Sanctioning Authority available?</p>		
<b>III.</b>	<p>Whether Branch is maintaining separate register for issuance of LoC?</p>		

<b>IV.</b>	<p>Whether proper hedging system is in place to take care of foreign exchange fluctuation?</p> <p><i>The hedging arrangement should preferably be in form of Forward Foreign Exchange Contracts or as stipulated in the terms of sanction.</i></p>		
<b>V.</b>	a. Whether the LoC has been issued for substituting LC?		
	b. Whether the LoC issued is properly accounted for by passing appropriate vouchers in terms of HO Circular (CPPMI/ADV/166/OM-0758/11-12 dated 13.03.2012) and entered in Finacle System?		
	c. Whether interest component for buyer's credit has been paid upfront by the borrower to avoid any increase in existing LC liability on substitution by LoC?		
	d. Whether LoC terms contain any clauses beyond the Bank's original terms of Letter of Credit and whether any additional liability is undertaken?		
<b>VI.</b>	<p>While substituting LC by LoC whether the Branch has closed the existing LC in the Finacle system?</p> <p><i>(to be checked by the Credit Auditor at the time of credit audit)</i></p> <p><i>For such substitution, it should also be ensured that the contingent liability is for the LoC only and there is no contingent liability for the substituted LC facility. Also Bank's liability under LoC must not exceed the amount under original LC.</i></p> <p><i>(In case of substitution of LC by LoC, liability under the LoC must not exceed the liability already undertaken by the Bank under the substituted LC facility.)</i></p>		
<b>VII.</b>	<p>If the current outstanding, based on MTM (Mark to Market) value exceeds the sanctioned limit, whether at-least 100% margin/security has been obtained from the borrower for covering such additional exposures above the sanctioned limit? (Applicable in case where requirement for obtaining of forward contract/hedging arrangement has been waived by Sanctioning Authority in consultation with IBD – HO)</p> <p><i>(MTM to be computed on weekly basis)</i></p>		
<b>VIII.</b>	Whether the facility is issued on behalf of constituents who are not its regular constituents?		
<b>IX.</b>	Whether fresh LoC has been issued pending regularization of devolved LoC?		

<b>X.</b>	In case of LoC issued for arranging Buyer's Credit:		
	a) Whether validity is within maximum permissible Trade Credit period for import under Foreign Trade Policy? Where roll-over is allowed, whether same is within the maximum permissible Trade Credit period as per terms of sanction, and each roll-over has been allowed only after obtaining approval from Sanctioning Authority?		
	b) Whether LoC is co-terminus with the period of buyer's credit?		
	c) Whether amount per transaction exceeds maximum permissible limit (USD 20 million)?		
	d) Whether the borrower has submitted cash flow statement before opening of LoC to prove that sufficient cash flow shall be available on respective due dates to retire the document under LoC?		
<b>XI.</b>	a. Whether any inspection has been made to ascertain arrival of goods imported under the LoCs?		
	b.		
	c. Whether the inspecting official has ascertained that goods procured/ purchased under the subject Letter of Credit/ LoC are strictly as per the terms of LC?		
<b>XII.</b>	In case of LoC issued in favour of the intermediary Bank (i.e. Letter of Guarantee favouring foreign beneficiaries is issued), requires confirmation from an intermediary Bank:  a) Whether the LoC terms are in accordance with the terms of Letter of Guarantee? b) Whether terms of original sanction includes renewal/ continuation and effect of exchange fluctuation has been taken care of?		
<b>XIII.</b>	In case of LoC issued in favour of the LC/LG issuing Bank (single high value LC/LG on risk and revenue sharing basis with other members of consortium), whether the purpose, tenor/ validity of LC/LG conforms to our Bank's approved terms?		
<b>XIV.</b>	If LoC is issued instead of Bank Guarantee as per Beneficiary's requirement, whether such sub-limit within regular limit is allowed in the sanctioned terms or due approval of the Sanctioning/ Competent Authority has been obtained?		
<b>XV.</b>	Whether commission and margin against LoC has been properly computed and recovered?		
<b>XVI.</b>	Comments on assessment of LoC facility.		

## 17. (F) Observations on Bill discounting / Bill Purchase:

### a) LCBD facilities (LC backed Bill discounting)

Sl no	Particulars	Present position	Remarks
I.	<p>Whether bills to be discounted are backed by irrevocable letter of credit issued by eligible Banks.</p> <p><i>(Latest list of eligible Banks as mentioned in HO circular: CPPMI/ADV/18/OM-0165/13-14 dated 13.06.13/ or latest HO Circular in this regard)</i></p>		
II.	<p>Whether approval from CPPI Department obtained (for maintaining Bank-wise exposures within prescribed ceiling) is available on Branch record?</p>		
III.	<p>Whether the following documents have been submitted by the borrower in regards to discounting of bills:</p> <ul style="list-style-type: none"> <li>• Original LC document issued from the issuing Bank:</li> <li>• Bill of exchange (duly accepted by drawee in case of usance bills)</li> <li>• VAT/ Tax receipts (for relative bills):</li> <li>• Packing list of goods covered under the bills:</li> <li>• Insurance (Transit / as applicable):</li> <li>• Bill of lading: Transport / lorry receipts (IBA Approved only- wherever applicable)/ Shipping Receipts / Airway Receipts:</li> <li>• Acknowledgement of receipt of goods by the buyer/ drawee (for usance bills):</li> <li>• Dun &amp; Bardstreet report in case of foreign buyers:</li> <li>• Whether the LC is 'with recourse' or 'without recourse'?</li> <li>• Whether the LC issuing Bank has duly verified/ confirmed the subject LC and clearly conveyed acceptance of the same? <i>(Confirmation of LC from the issuing Bank is mandatory)</i></li> </ul> <p>In addition to documents enumerated in HO circular: CPPMI/ADV/18/OM-0165/13-14 dated 13.06.13 under para (m) has been obtained?</p>		
IV.	<p>Whether the following charges/ interest have been realized at the time of discounting up front?</p> <ul style="list-style-type: none"> <li>• Bill handling charges:</li> <li>• Collection of bill charges:</li> <li>• Interest as per extant HO Circular (from time to time)</li> </ul>		
V.	<p>Whether there have been incidences of overdue bills in the past 12 months?</p> <p>Whether the reasons provided by borrower for overdue bills?</p> <p>Whether Branch has issued letter to LC issuing Banks for immediate payment of Bills under LC which have become overdue beyond 2/3 days?</p> <p><i>(Correspondence done by the Branch with the LC issuing Bank to be ascertained)</i></p>		

VI.	What are the steps/ measures initiated by the RO/ Branch for realization of amount (if not paid yet) under overdue bills?		
VII.	Whether interest rate at the rate of BR+6% has been realized/ recovered till the date of liquidation of overdue bills?		
VIII.	Whether the Branch is submitting the weekly report in respect of LCBD position to CPPI Dept at HO in the format as mentioned in HO circular: CPPMI/ADV/18/OM-0165/13-14 dated 13.06.13		
IX.	Whether the non-receipt of LCBD facility payment also been reported to CPPI Department and LCBD facility Sanctioning/ Competent Authority?		
X.	Whether in case of dishonored bills, the Branch has made protestation of such bills with proper notarization with the Notary Public?		

**b) Bill Discounting/ Bill Purchase/ Foreign Bill discounting/ Foreign Bill Purchase:**

Sl no	Particulars	Present position	Remarks
I.	Whether the BD/BP facility is appraised as a part of normal working capital facility of the borrower and arrived through proper appraisal of MPBF? <i>(to be ascertained from the processing/ sanction note)</i>		
II.	Whether the Branch has opened Bill discounting account borrower-wise in the system?		
III.	Whether copies of the following documents have been obtained by the Branch: <ul style="list-style-type: none"> <li>• Are all the bills purchased/ discounted drawn only on drawees/ buyers approved in terms of sanction?</li> <li>• Bill of exchange (duly accepted by drawee in case of usance bills)</li> <li>• VAT/ Tax receipts (for relative bills):</li> <li>• Packing list of goods covered under the bills (for export bills Customs Department verified/ certified copies):</li> <li>• Insurance (Transit / as applicable):</li> <li>• Bill of lading: Transport / lorry receipts (IBA Approved only- wherever applicable) or Shipping Receipts / Airway Receipts (for FBP/ FBD):</li> <li>• Acknowledgement of receipt of goods by the buyer/ drawee (for usance bills):</li> <li>• KYC done by Bank in respect of the drawee/ buyer or Dun &amp; Bradstreet report (in respect of foreign buyer):</li> </ul>		
IV.	Has the Branch forwarded the documents to the buyer's/ drawee's Bank only through Banking Channels? (unless specifically allowed by the Sanctioning/ Competent Authority. The reasons for allowing this and its compliance with Bank's Lending Policy should have been properly discussed in the such sanction/ process note)		

V.	Whether the following charges/ interest have been realized at the time of discounting up front? <ul style="list-style-type: none"> <li>• Bill handling charges:</li> <li>• Collection of bill charges:</li> <li>• Interest as per extant HO Circular (from time to time)</li> </ul>		
VI.	Whether there have been incidences of overdue bills in the past 12 months? Whether the reasons provided by borrower for overdue bills?  Whether Branch has issued letter to drawee's Bank for immediate payment of Bills which have become overdue beyond 2/3 days?  <i>(Correspondence done by the Branch with the Drawee's Bank to be ascertained)</i>		
VII.	What are the steps/ measures initiated by the RO/ Branch for realization of amount (if not paid yet) under overdue bills?		
VIII.	Whether in case of dishonored bills, the Branch has made protestation of such bills with proper notarization with the Notary Public?		

### 17 (G) Export Credit Finance:

SI No	Particulars	Present position of compliance.	Remarks
I.	Whether the Packing Credit/ Running account facility appraised as a part of normal working capital facility of the borrower and arrived through proper appraisal of MPBF? (to be ascertained from the processing/ sanction note)		
II.	PC bond is to be examined to ascertain the last shipment date and reasons for non-submission of export bills should be ascertained from Branch. (if any)		
III.	Packing Credit (PC) / Letter of Credit (LC) should be one backed by confirmed order of foreign buyers unless specifically exempted in terms of sanction.		
IV.	Whether satisfactory report from Dun & Bradstreet on foreign buyers has been obtained, (unless specifically exempted in terms of sanction)?		
V.	Under pre-shipment export credit facility whether disbursement has been made directly to suppliers of raw materials and through Bank accounts?  Whether utilization certificate has also been obtained from the Borrower – exporter together with underlying/ supporting documents to establish end use of facility released under pre-shipment finance.?		



VI.	Earlier PC / LC should have been liquidated/ retired normally only from proceeds of related export bills, otherwise the matter/ reasons for the same should be ascertained from the Branch.		
VII.	<p>In respect of Running Account facility factual position of following are to be ascertained:</p> <p>a. Export bills where specific Running account facility at pre-shipment finance level is permitted, export bills are to be retired on FIFO (First In – First Out).</p> <p>b. The earliest pre-shipment finance outstanding in the account should be within 360 days from the date of availment.</p> <p>c. In case where the PC has not been liquidated from proceeds of export receivables, whether interest ab-initio has been recovered as stipulated in ECNOS. (Export Credit, Not otherwise specified)</p>		
VIII.	<p>Whether valid pre-shipment &amp; post shipment, ECGC cover is available for the entire export credit facility? Is buyer wise ECGC policy also available?</p>		
IX.	<p>Whether export bills/ documents are being forwarded through proper Banking channel? (unless specifically permitted by the Sanctioning/ Competent Authority)</p>		
X.	<p>Whether the borrower is enjoying standby facility under Gold Card? If so, whether the following compliance of HO circular no: CPPMI/ADV/99/OM-0338/ 09-10 dated 16.09.09 and circulars referred therein adhered to by the Branch viz.</p> <p>a. Credit risk rating (UBICR3 or better):</p> <p>b. Track record of the borrower: <i>(the borrower should be profit making &amp; engaged in export business for at least 3 years.)</i></p> <p>c. No major irregularity/ adverse report against the borrower:</p> <p>d. Names of proprietor/ partner/ Director of the borrowing concern should not feature in SAL of ECGC or defaulter / caution list issued by RBI from time to time:</p> <p>Prior to availing the Gold Card facility, whether the borrower has submitted necessary documents to establish receipt of sudden orders, unforeseen at the time of submission of projections or there has been bunching of orders?</p> <p>Whether Branch Officials have released Gold Card facility only after examining and duly noting compliance of the above requirements before allowing release of standby limit under Gold Card?</p>		
XI.	<p>Whether separate register / record for Gold Card facility availed has been maintained for effective monitoring and timely liquidation of the Gold Card facility?</p>		

<b>XII.</b>	<p>Whether in case of dishonored bills/ crystallized bills, the Branch has:</p> <p>a. Issued letter to the borrower for providing funds to Bank together with due interest in respect of dishonoured/ crystallized bills/ returned foreign bills?</p> <p>b. Made protestation of such bills with proper notarization with the Notary Public? (for dishonoured and returned bills)</p> <p>c. Whether interest as per ECNOS recovered?</p>		
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### 17. (H) Foreign Currency Loan (FCL)

SI No	Particulars	Present position of compliance.	Remarks
I.	Whether FCL has been allowed after getting approval from the appropriate Sanctioning/ Competent Authority? Name of Sanctioning/ Competent Authority with date of Sanction number to be mentioned:		
II.	Whether the FCL hedging arrangement (booking of forward contract etc) as per terms of sanction and valid/ in force on date of Credit Audit? In the event 'Mark to Market' (MTM) arrangement approved as per terms of sanction, is the Branch holding sufficient cash margin/ duly assigned in Bank's favor to ensure that overall rupee exposure of FCL is within the eligible sanctioned limit/ Drawing power?		
III.	Is the Branch calculating MTM exposure on weekly basis (in case of un-hedged exposure)		
IV.	Whether the reset of interest and rollover are done as per terms of sanction?		
V.	Whether the Branch is submitting FCL exposure information on fortnightly basis to IBD Dept - HO?		

### 17. (I) For Commercial Real Estate Loans:

SI No	Particulars	Present position of compliance.	Remarks
I.	<p>Whether prior permissions from Government/ local Government/ other statutory authorities for the project has been obtained and Branch is holding copies of such permissions/ approvals duly supported by confirmation of LIE/ CE?</p> <p>In an event all or few permissions from the said authorities were pending at the time of loan sanction, whether the same were obtained prior to disbursement of the facility?</p> <p>Confirmation in the matter should be duly supported by underlying documents and LIE/ Chartered Engineer Certificate that all such permissions/ approvals/ licenses are complete in respect of the said Real Estate project. (duly supported by confirmation from LIE/ CE)</p> <p><i>(Confirmation on availability of such approvals to be commented upon by the Credit auditor)</i></p>		

<p><b>II.</b></p>	<p>Whether confirmation regarding adherence to National Building code as formulated by Bureau of Indian Standards has been obtained by the Branch in all cases?</p> <p><i>Mandatory guidelines of the NBC code are as follows:</i></p> <ul style="list-style-type: none"> <li>• <i>Lift shall be provided in all building having height more than 13 metres.</i></li> <li>• <i>In case of apartment buildings exceeding three storeys above ground level, a certificate of approval from Directorate of Fire safety shall be obtained before issue of building permit.</i></li> <li>• <i>All materials shall be of good quality conforming generally to accepted standards of BIS.</i></li> </ul> <p>Availability of such approvals in Branch record duly certified by LIE/ Chartered engineer, in this regard to be commented upon by the Credit auditor.</p>		
<p><b>III.</b></p>	<p>Whether technical review of Architectural and Structural designs reports and certificates submitted by the borrower, undertaken by Bank's/ Consortium's certified by LIE/ Chartered engineer complying with stipulations made in National Disaster Management Guidelines?</p> <p>Compliance status to be ascertained by the Credit auditor.</p>		
<p><b>IV.</b></p>	<p>Whether the borrower (promoter of the project) has sufficient technical competence and an established and track record of timely completion of earlier projects? (to be ascertained from the processing note)</p>		
<p><b>V.</b></p>	<p>In case of large builders/ developers having significant exposures to its subsidiaries/ associates, whether financial credentials / viability have been assessed on consolidated basis supported by consolidated accounts/ position of the group? Financial credentials/ viability of related entities like SPV (special purpose vehicle) should also to be assessed. (to be ascertained from the processing note)</p>		
<p><b>VI.</b></p>	<p>Whether in the processing note it has been properly discussed that while accepting the value of land, the same has also been duly examined &amp; discussed so that the cost of land has also been taken into consideration while assessing the overall construction/ development cost?</p> <p>Has the land been revalued to show it as margin in the project in the same way? (to be ascertained from the processing note)</p>		
<p><b>VII.</b></p>	<p>a. Bank's finance should be available for meeting construction expenses only and Bank's finance should not exceed 70% of such construction cost while borrower's contribution should not be less than 30% of the construction cost.</p>		

	<p>b. Whether borrower has brought margin as % of construction cost as per terms of sanction?  <i>(Such infusion is to be duly supported by CA certificates etc. and due ascertaining of its utilization in project is also ascertained.)</i></p> <p><i>At the time of credit audit the auditor shall ascertain availability of CA certificate with reference to the outstanding balance on date of audit. Availability of end use of Bank's funds supported by availability of bills and invoices of expenditure, Chartered Engineer/ Architect certificate and Site Inspection report shall also be commented upon.</i></p>		
<b>VIII.</b>	<p>Maximum exposure to any single borrower should not exceed Rs.200 Cr. at any point of time. (fund and non-fund both)  <i>(Sanctioned limit to be ascertained from the processing note)</i></p>		
<b>IX.</b>	<p>Whether Title search / Legal opinion of the immovable properties/assets as detailed in HO Circular LEGAL/EQTMORT/4/OM-0566/10-11 dated 06.11.10 has been conducted by empanelled advocate of the Bank as per stipulated terms of sanction?</p> <p>Non-encumbrances and marketability Certificate certified by the advocate should have specific comments on the following:</p> <ul style="list-style-type: none"> <li>• encumbrance status of the property,</li> <li>• marketability of the property</li> <li>• mortgage-ability and legal enforceability</li> <li>• Classification of Land (Agriculture/ Non Agriculture – Residential / Commercial)</li> </ul> <p>Findings of the title search/ legal opinion (based on searching of records for a period covering the date of last conveyance deed or for previous 13 years whichever is higher) with date of search to be commented upon.</p> <p><i>In consortium/ multiple banking arrangement, the title search / legal opinion related to mortgaged properties/ assets undertaken by other lenders may also be considered, provided copies of such reports are on Branch records.</i></p>		
<b>X.</b>	<p>Whether the exposure in the account is fully secured by tangible securities?  (Nature and value of securities to be mentioned)</p>		
<b>XI.</b>	<p>For projects under implementation, whether all amounts pertaining to booking/ advance/ purchase are being deposited in the designated Bank account?</p>		
<b>XII.</b>	<p>In addition to the above, whether receipt of 'advance against booking/sales' is being obtained and monitored on periodic basis?</p>		
<b>XIII.</b>	<p>Whether all booking documents/ agreements contain Bank's / Consortium leader/ Major Lender (in case of multiple Banking arrangement) names (as the case may be) as lender to the project?</p>		

<b>XIV.</b>	In respect of project properties mortgaged with the Bank/ consortium lenders, whether disclosures have been made in pamphlets/ brochures/ advertisement of the project? Whether such pamphlets/ brochures/ advertisement are held on Branch record?		
<b>XV.</b>	For projects under implementation, whether documents related to utilization of Bank's funds viz. CA Certificates are being obtained as per terms of sanction?		
<b>XVI.</b>	Whether physical inspection related to the progress of construction/ booking etc are being made by the RO/ Branch officials as per terms of sanction?		

### 17. (J) For NBFCs:

<b>Sl No</b>	<b>Particulars</b>	<b>Present position of compliance.</b>	<b>Remarks</b>
<b>I.</b>	Whether Form NBS-7 (Annual Statement of capital funds, risk assets/exposures and risk asset ratio etc., as at the end of every financial year) available on record. Any adverse comments made by the Statutory Auditors to be examined.		
<b>II.</b>	Whether inspection of NBFC has been conducted specifically as per HO Circular – CPPMI/Adv/48/OM-0416/12-13 dated 05.10.12? Brief comments on the inspection report are to be mentioned.		
<b>III.</b>	Borrower NBFC has to be incorporated under Companies Act and Registered with RBI. (Availability of certificate is to be ascertained).		
<b>IV.</b>	Net Owned fund should be at least Rs.25.00 Crore but in case of NBFC-IFC net owned fund should be Rs.300 Cr. (factual position to be commented upon)		
<b>V.</b>	Nature of collateral security (if stipulated as per terms of sanction) to be commented upon. (Shares and Debentures cannot be accepted as collateral securities for secured loans granted to NBFC.)		
<b>VI.</b>	In NBFC – AFC, whether undertaking from the company with regards to the insurance of underlying securities (financed by Bank's funds) has been obtained as per terms of sanction. <i>(The Company should furnish its borrower wise list of such underlying securities with details of insurances (viz. Nature of security, value of security, amount insured, validity period, name of insurance Company etc viz. CA Certificate.)</i>		
<b>VII.</b>	For NBFC- MFI: Whether CA certificate certifying the following has been obtained at the end of every quarter in line with RBI circular no: <u>RPCD.CO.Plan BC. 66/04.09.01/2010-11</u> dated 03.05.11, stating the following: a) 85% of total assets of the MFI are in the nature of “qualifying assets” for categorization as priority sector advance under micro credit, b) The aggregate amount of loan, extended for income generation activity, is not less than 75% of the total loans given by the MFIs, c) Pricing guidelines of RBI have been followed.		

**17. (K) For Advance to Tea companies:**

SI No	Particulars	Present position of compliance.	Remarks
I.	Whether additional 25% collateral security in all newly sanctioned accounts has been obtained?		
II.	Whether cash budget is being submitted as per the terms of sanction and drawing power is being calculated as per the same?		

**17. (L) For Advance to Cold Storage Units**

SI No	Particulars	Present position of compliance.	Remarks
I.	Whether license of cold storage unit is valid or not? Validity of license to be mentioned.		
II.	Whether Cold storage receipts are being submitted by the borrower on regular basis?		
III.	Whether last year's seasonal cash credit limit was closed before release of fresh seasonal CC limit?		
IV.	Whether ACR & FACR as stipulated in the terms of sanction is as per the benchmark parameters of Bank?		
V.	Whether inspection of the cold storage unit has been made as per the inspection format pertaining to cold storage units? Findings of inspection and necessary rectifications by the Borrower (if any) are to be commented upon.		
VI.	Whether stock statement is being submitted by the borrower as per the standard format specified in the cold storage policy? (Previous Three stock statements are to be ascertained and comments to be made thereof) (Frequency of submission should be as per terms of sanction)		
VII.	In terms of HO Circular: CROP/ADV/3/OM-0565/13-14 dated 08.01.2014, Whether cash withdrawal is being restricted to 5% of the limit in a month?  In an event where cash withdrawals are in excess of 5% of the sanctioned limit, whether permission from CRM of the region is held on Branch record?  Grounds on which excess cash withdrawals have been permitted by CRM and how end use of funds is verified is to be ascertained.		

## 17. (M): Debt Restructuring:

Sl	Particulars	Present position	Remarks
I.	Whether the restructuring is as per CDR mechanism or non-CDR mechanism?		
II.	The project should become viable within 5 years (non-infra) and 8 years (infra) projects.		
III.	DSCR should not be less than 1.00 during the time by which the project becomes viable. Average DSCR should be 1.25 during the repayment period post-restructuring of the loan.		
IV.	Whether the cash flow is positive within 5 years (non-infra) and 8 years (infra) projects?		
V.	Return on average capital (ROCE) should not be less than 5% within 5 years (non-infra) and 8 years (infra) projects		
VI.	Earnings before interest, taxes, depreciation and amortization (EBITDA) excluding non operating income should be positive within 3 years (non-infra) & 5 years (infra) projects.		
VII.	Internal rate of return should preferably be Interest rate charged + 0.5%.		
VIII.	Loan Life Ratio (LLR) i.e. Present Value of total available cash flow (ACF) during the loan life period (including interest and principal) / Maximum amount of loan) should not be less than 1.4 <i>(This ratio is to be considered when amount to be restructured is above Rs.25 Cr.)</i>		
IX.	Whether TEV Study by reputed consultant / necessary due diligence has been conducted prior to implementation of the restructuring proposal? (Brief details to be mentioned)		
X.	Additional finance, if any, is to be provided by all creditors of 'standard' & 'non-standard' accounts on a pro-rata basis in CDR cases / case to case basis in non CDR cases.		
XI.	Whether restructured working capital accounts of industrial units are fully covered by tangible securities?		
XII.	Whether periodic reports are being obtained from the Monitoring Institution (MI) and scrutinized by Branch/RO? (applicable in CDR Cases)		
XIII.	Whether Personal Guarantee of the promoters obtained? (Factual position to be ascertained)		
XIV.	Whether 'right to recompense' clause besides right of creditors to accelerate repayment and right of borrowers to pre-pay has been mandatorily incorporated in all restructuring proposals?		
XV.	Whether promoters' contribution has been brought as per terms of sanction within the stipulated time frame? (CA certificate certifying the infusion of promoter's contribution is to be examined)		
XVI.	Whether FITL is provided for as per restructuring package?		

**18 .Cognizance of conduct of Borrower account w.r.t its sister / associate accounts (if any) maintained at the same Branch.**

I.	Name of the Accounts of sister / Associate concerns of the unit maintained with the same Branch.	
II.	Whether the operation and conduct of the sister / Associate accounts prima-facie in order: a) Servicing of interest/ installment: b) Submission of Stock & Book Debt statements/ QIS/ MSOD:  (To be ascertained on random checking/ declaration by the Branch) Investment made in Group Concern as per last available audited balance sheet:	
III.	Whether inspection in the group accounts is being conducted by RO/ Branch officials on regular basis?	
IV.	Whether intra-group transactions made by the Borrower observed? Whether these transactions were made for business purposes?	
V.	Whether payment of loan installments to other Banks or Financial Institutions observed? Whether it was disclosed to the Bank?	
VI.	Whether there are adequate internal controls (borrower) commensurate with the size of the concern?	
VII.	Whether all the statutory dues have been paid?	
VIII.	Whether review in the group accounts are done on due dates?	

**19. Compliance of CGTMSE norms by the Branch**

Sl no	Position of Accounts of the Branch under CGTMSE: [Rs./Lac]	No.	Amount (in lacs)
I.	MSE Account in the Branch as per "CRISMAC - UNTB 73" report		
II.	Eligible for coverage under CGTMSE:		
III.	Registration made with CGTMSE:		
IV.	Claims made on invocation of Guarantee Coverage (including date of filing of claim)		
V.	Claims settled by CGTMSE:		
VI.	Claims yet to be settled by CGTMSE (comments where claim settlement is pending for more than 30 days.)		
VII.	Reasons for Rejection / Return):		

**Sl no 19. (II) to (VI) are to be ascertained based on declaration given by the Branch at the time of credit audit**



## 20. Early Warning Signals:

I.	Number of times (along with dates) the site has been inspected by RO/ Branch officials and availability of the related inspection reports to be commented on: Whether any issues of such inspection are still pending at the time of credit audit?	
II.	Whether there is a frequent request by the borrower for availing the adhoc/ overdraft observed? (more than 3 times in the last 6 months)	
III.	Whether there is persistent failure to service interest and installment:	
IV.	Whether excess drawing in the account is from delay in servicing of interest and or installment? Position of the same should be ascertained from the account statement for last 12 months from the date of credit audit and comment on the numbers of days/ months required for regularization of such instances. (Wherever applicable).	
V.	Whether a delay in submission of 90 days or more is observed in any/ all of the following: (a) submission of stock statement / other stipulated operating control statements like QIS/ MSOD etc: (b) Whether the branch officials are examining the above statements for effective monitoring? (c) credit monitoring like MCR/ CDMS at the time first disbursement: (d) Whether renewal/ review of credit facilities based on audited financials is due?	
VI.	Whether a deviation of 40% or more is observed in the actual sales/ operating profits vis-à-vis the projections accepted at the time of sanctioning of the credit facility?	
VII.	Whether the internal risk rating of the account has degraded by 2 notches or more in the subsequent review of the account?	
VIII.	Whether Non-Creation/ non-perfection of securities & compliance to other approved terms of sanction are pending beyond the approved timelines specified in the sanction? Whether there are multiple (more than twice) requests for extension of either of the above observed?	
IX.	Whether creation of assets is commensurate with the disbursement made in the account backed by CA certificates and is duly supported by invoices/ documents etc?	
X.	Whether any instance of non-cooperation / prevention by the borrower from conducting stock audits/ inspections by Bank's empanelled auditors/ officers observed?	
XI.	Whether a reduction in DP by 20% or more is observed after a stock and receivables audit?	
XII.	Whether instances of cheque bouncing (both inward and outward)/ ECS return during the last 6 months on grounds of non-availability of balance/DP in the account observed?	

XIII.	Are there any instances of devolvement of Letter of Credit during immediate preceding six months? (No. and amount to be mentioned)  Whether devolvement of LC has been funded within reasonable period (say within 30 days) from the due date?	
XIV.	Are there any instances of invocation of Bank Guarantee during immediate preceding six months? (No. and amount to be mentioned)  Whether invocation of BG has been funded within reasonable period (say within 30 days) from the due date?	
XV.	Are there any criminal proceedings against the borrower which has come to the notice of the Branch/ RO based on various disclosures/ media reports etc.	
XVI.	Whether any adverse feature has been reported by any lender (multiple/ consortium banking arrangement) through "Exchange of Information" on monthly and quarterly basis?	

## 21. Major comments made in the account during various inspections as listed below

	Observations	Compliance by RO/ Branch	Present position (for pending issues)
LFAR			
HO / RIU inspection			
RBI-AFI			
Concurrent auditor			
Other			

## 22 Summary of Observations of the Credit Audit:

1.	
2.	
3.	
4.	

## 23. Whether Branch Officials have been sensitized during the course of credit audit:

(Branch officials should be apprised of the deficiencies/irregularities found during the audit and advised for immediate rectification of the same)

Date:

Signature of the Branch Manager

Credit Auditor