

## **ELIGIBILITY CRITERIA AND OTHER TERMS FOR EMPANELMENT OF ASM**

### **1. Eligibility criteria**

Total 875 entities shortlisted by IBA out of which 557 for General Category & 318 under Specialized Category are eligible for empanelment as ASMs.

ASMs (shortlisted by IBA), interested in empanelment for both the categories (General Category & Specialized Category), have to submit application and supported documents in softcopy, to Credit Monitoring & Policy Department, Central Office through official mail-id.

The empanelment will be for a period of 3 years subject to review of the performance annually. In case of de-panelment/ blacklisting of any empanelled entities by IBA/ other Regulators etc., the entity will be de-panelled automatically from our empanelment also.

### **2. Validity period of engagement of ASMs**

The engagement of ASMs shall be valid for a period of **three years from the date of engagement & subject to annual review.**

Annual review of the ASM would be done on the following parameters:

- a. Quality of report/ observations of an ASM
- b. Compliance with the scope of work allotted
- c. Adherence to timelines etc

### **3. Expectations from ASM**

In a broader perspective, ASM is expected to monitor the account/progress/activity as mentioned below:

- (a) On site as well as off-site monitoring of the business/project, account and analyse, evaluate and monitor the borrowal account/project financially as well as technically.
- (b) ASM's are also expected to look into/track other aspects like Government notifications which may have material impact on borrowal company/industry/sector, all approvals and clearances, price escalation in capital items or raw material etc.
- (c) Extent of involvement of promoters/ top management of the company in day-to-day operations/decision making as well as strategic decision making and evaluation of the same.
- (d) Conduct root cause analysis of the incipient sickness/ stress in the borrowal account and suggest remedial measure to branch.
- (e) Also to take the concern areas from bank as well as promoter and suggest remedial measure during the term of engagement.

### **4. Purpose of Empanelling ASM**

Large credit exposures and specialized nature of loans needs special monitoring capability which can be ensured by engaging ASM which are better equipped in this regard for the following purposes:

- With engagement of ASM, bank will have a timely, fair and transparent monitoring of borrowal account.
- The ASM will monitor the borrowal account in Technical as well as financial matter and guide the bank for further course of action.
- There would be better monitoring of end use of fund through ASM on account of their on-site presence as well as off-site surveillance.
- Close monitoring on all aspects of Project i.e. clearances and approvals, management supervision, end use of fund, project progress etc.
- On site as well as off-site monitoring of the business / project, account and analyze, evaluate and monitor the borrowal account / project financially as well as technically.

## 5. Scope of Work for ASM –

➤ Indicative scope of work for General Category is as under:

### (i) **In case of Working Capital:**

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| a | Monitor the purchases / invoices of the company (about quantum and reasonableness of the rates) for procurement of raw material / spares / transportation of raw material etc. on daily / weekly basis and compare vis-à-vis monthly operation budget submitted by the company. Periodicity would be decided by Consortium.                          |
| b | Review of inventory buildup (including trade receivables and advances to the Company) for operation of the units commensurate with funds released.                                                                                                                                                                                                   |
| c | To monitor the actual operations (production / supplies etc.) vis-a-vis projections.                                                                                                                                                                                                                                                                 |
| d | Verification of high value transaction / payment as regards beneficiary and purpose.                                                                                                                                                                                                                                                                 |
| e | Assessment of financial information that has been and that will be provided by the company to its lenders including information related to its short term and long term cash flows.                                                                                                                                                                  |
| f | Identify key issues and submit the report along with the suggestions with regard to smooth operations of the project.                                                                                                                                                                                                                                |
| g | Additional verification of evidence of end use of facilities to company and its utilization as per the conditions laid down by the consortium of lenders.                                                                                                                                                                                            |
| h | Inspection / verification of stocks / book debts and submission of monthly report (or as stipulated by Lenders) about the inventory / receivables position of the company including slow moving inventory if any, to arrive at correct drawing power to the company.                                                                                 |
| i | Submit reports at regular intervals (as stipulated by the bank) on: <ul style="list-style-type: none"> <li>○ Temporary / long term / unscheduled closure of manufacture facilities</li> <li>○ Any untoward incident or suspicious business or unrelated activity</li> <li>○ Non-cooperation from borrower to provide general information.</li> </ul> |
| j | Source of margin towards working capital / LC / BG                                                                                                                                                                                                                                                                                                   |
| k | Quality of Book Debt, their appropriateness, age wise classification and eligible Book Debts for Drawing Power.                                                                                                                                                                                                                                      |
| l | In case of consortium lending, ASM will monitor status of borrowing with member bank, conduct of accounts, business sharing etc.                                                                                                                                                                                                                     |

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| m | Perform such other services as requested by the lenders and mutually agreed to by the party and lenders. |
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**(ii) In case of Term Loan (Project Monitoring),** preferably deployed when there is delay in implementation - ASMs for large accounts should be engaged in order to ensure proper monitoring of project implementation as per schedule and utilization of funds, the scope of work will broadly include the following -

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| a | Conduct physical inspection of the project at regular intervals or deploy official at the project site for continuous monitoring, document reviews and monitoring of progress reports on continuous basis especially vis-à-vis original timelines to avoid sudden shocks of overrun.                                                                                                               |
| b | Determine progress and appropriateness of related transactions (e.g. payments made to contractors and sub-contractors, vendors, orders placed and commercial terms thereof.                                                                                                                                                                                                                        |
| c | Deviations in project progress vis a vis timelines and amount disbursed. High value payment / dues to be clearly monitored to ensure proper utilization.                                                                                                                                                                                                                                           |
| d | Periodical review of invoices and submission of exception report to the consortium.                                                                                                                                                                                                                                                                                                                |
| e | Fortnightly review of production / supplies (quantities of work certified) vis-à-vis inventory consumption records and cash flow to contractor, sub-contractors and vendors, wastages, extent of rework and quality nonconformities raised by company, and highlight exceptions. A single review report will be released each fortnight for invoices raised and inventory consumed in that period. |
| f | Suggestions, if any, for improving the project management practices.                                                                                                                                                                                                                                                                                                                               |
| g | Verification / analysis of following is to be done by ASM -<br>(i) Approval / clearances / compliances in the project<br>(ii) Analysis of government letters / instructions / audit report / Independent Engineer's report / insurance / reports submitted to government.                                                                                                                          |
| h | Sources of capital fund infusion / Term Borrowing /any other borrowing.                                                                                                                                                                                                                                                                                                                            |
| i | Physical progress of project vis-à-vis fund infusion.                                                                                                                                                                                                                                                                                                                                              |
| j | Perform such other services as requested by the lenders and mutually agreed to by the party and lenders.                                                                                                                                                                                                                                                                                           |

**(iii) General parameters for monitoring** - In addition to the parameters, keeping in view of different credit monitoring aspects, any additional parameters that too need to be monitored by ASMs for all loans.

| <b>a. Cash Inflow Monitoring: -</b> |                                                                                                                                                            |
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| (i)                                 | Sources of cash inflow based on estimates / projections.                                                                                                   |
| (ii)                                | Source of unsecured loan / NCD, its tenor and rate of interest, if any / sale of fixed assets / Investments, interest / dividend received from investment. |
| (iii)                               | Profit ploughed back and any windfall / exceptional cash inflow e.g. profit from sale of fixed assets, tax refunds etc.                                    |
| (iv)                                | Sources of margin, whether it is through borrowing or through capital infusion and is brought as per sanction stipulation.                                 |
| (v)                                 | Monitoring of the payment transactions to/ realisations from the group companies                                                                           |

| <b>b. Cash Outflow Monitoring: -</b> |                                                                                                                                                                                                                                                                                                                               |
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| (i)                                  | Utilization in inventory buildup / acquisition of fixed assets / purchase-invoices of the company (about quantum and reasonableness of rates) for procurement of raw material / spares / transportation of raw material etc. on daily / weekly basis and compare vis-à-vis monthly operation budget submitted by the company. |
| (ii)                                 | Utilization in creditors repayment / repayment of term borrowing / Loans and advances to other firms.                                                                                                                                                                                                                         |
| (iii)                                | Capital drawings, if any / interest / dividend payouts / redemption of debentures, if any / shares buy back, if any.                                                                                                                                                                                                          |
| (iv)                                 | Inter corporate transactions and / or related party transactions.                                                                                                                                                                                                                                                             |
| (v)                                  | Timely and full payment of Government / statutory due / analysis of any other kind of outflow, if observed.                                                                                                                                                                                                                   |

| <b>c. Fund Flow Analysis</b> |                                                                  |
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| (i)                          | To highlight on diversion of short-term funds in long term uses. |

| <b>d. Non-Cash Parameter:</b> |                                                                                                                                                                                                           |
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| (i)                           | ASM is expected to keep watch in industry specific prevailing trends, cyclical changes, Government Policies and precautionary / mitigation measures, sustainability / sensitivity in Products / Business. |
| (ii)                          | High value vendor due diligence, market values vis-à-vis invoice price.                                                                                                                                   |
| (iii)                         | Technological obsolescence and substitution measures.                                                                                                                                                     |
| (iv)                          | Industry experts should also be involved while conducting stock audit in sectors where raw material/finished goods are of technical nature.                                                               |
| (v)                           | To report on any litigation, court cases including asset classification of associate concerns.                                                                                                            |

| <b>e. Early Warning Signals</b> |                                                                                                                                                                                                                                                                                                                                                                                                 |
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| (i)                             | Early Warning Signals are major tool for identification of any weakness or irregularities in any account. Concerned branch has to provide list of EWS generated in the account to ASM, in advance on each and every quarter, so as to enable them to provide comments/mitigations against major EWS alerts generated in the account to improve the quality and productivity of the supervision. |
| <b>f. Stock Audit</b>           |                                                                                                                                                                                                                                                                                                                                                                                                 |

➤ **Indicative scope of work for Specialized Categories is as under:**

| S. N. | Particulars                                                                                                                    |
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| 1.    | <b>Infrastructure Projects/EPC Projects/Project Based Accounts:</b>                                                            |
| I.    | <b>Indicative Scope</b><br><b>Pre-bid Stage:</b><br>In case expected revenue for the Company from a Project exceeds predefined |

threshold (say 5- 10%) of its gross revenue, conduct Project Due Diligence audit as per the scope of work as under:

- a. Description of the Project & financial commitment required to complete the same.
- b. Project-wise order book analysis for spotting aggressiveness in bidding.
- c. Counter Party risks to ascertain timely collectability of receivables.
- d. Availability of critical machinery/resources/suppliers/manpower for timely completion.
- e. Company to submit a preliminary cash flow and profitability statement for the project and ASM to review it.

**Implementation Stage:**

1. Monitor the actual operations vis-à-vis projections and submit reports at regular intervals (at quarterly intervals) on:
  - a. Temporary / long term / unscheduled deviations from the base case of projections.
  - b. Any untoward incident or suspicious business or unrelated activity
  - c. Non-cooperation from borrower to provide general information.
2. Quality of Book debt, their appropriateness, age-wise classification based on due date as per contract terms.
3. In case expected revenue for the Company from a Project exceeds predefined threshold (say 5- 10%) of its gross revenue, conduct Project Due Diligence audit as per the scope of work as under:
  - a. Position of various approvals / clearances
  - b. Board terms of the project as per contracts agreement(s)
  - c. Provide project status report, including adverse reports/ observations, if any, along with report on BGs issued - covering percentage of completion — Physical & Financial Bills raised & outstanding against the same and unbilled revenue
  - d. Stock position pertaining to the project.
  - e. Observation on non-moving/slow-moving/Build-up of inventories. Quality of inventory and receivables management.
  - f. Aging of Inventories, Debtors and other current assets.

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|  | <ul style="list-style-type: none"> <li>g. Monitoring of Sale and Purchase, whether sale proceeds and payments to vendors, routed through designated bank account,</li> <li>h. Analysis of unbilled revenue (UBR) is the most important aspect of ASM as part of post due diligence process as inflated unbilled revenue (UBR) may allow additional drawing power without any cost incurred providing a double boost to excess fund to the company. Therefore, calculation of billed revenue plus unbilled revenue (UBR) as percentage of cost incurred must be cross tallied with estimated/revised cost estimates of the project. Any deviation from the agreed profit margin must be ascertained else otherwise it may lead to inflation of unbilled revenue (UBR) and excess drawing power.</li> <li>i. comparison of actual vis-à-vis projected figures, verification of sample Invoices. Review of unbilled revenue and WIP and justifiable reasons for the same</li> <li>j. Review of actual progress of the project vis-a-vis scheduled milestones Verification of project expenses, payments to creditors and advances to suppliers. Analysis of transactions, operations, and financial health of the borrower.</li> <li>k. Analysis of audit report/independent Engineer's report/insurance/reports submitted to Banks/government.</li> <li>l. Analysis of related party transactions, Verification of group company transactions, Litigations/Contingent Liabilities, high value transactions, High value transactions.</li> <li>m. Movement in promoter holding in the company, percentage holding pledged to financial institutions.</li> <li>n. Analysis of Auditors report under CARO to ensure compliance, to check qualifying remarks.</li> </ul> <p>4. Conduct Bank Guarantees Audited on half yearly basis as per scope of the work as under:</p> <ul style="list-style-type: none"> <li>a. Details of Banks Guarantees issued and their utilization as on date of audit covering - BG No, Date of issue &amp; expiry, Type, Amount, Beneficiary, Claim period, Underlying contract details, Amount of contract etc.</li> <li>b. Details of Bank Guarantees amended, cancelled and invoked during the period covering — Date of Return / Invocation / Amendment and its reasons thereof.</li> </ul> |
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- c. Special review to be done for projects which have been completed but Performance or Retention BGs have not been released.
- d. Detailed status of Bank guarantees issued for other than project purposes, viz., tax disputes, arbitration, security deposits etc.
- e. In case of consortium lending, ASM will monitor status of borrowing with member bank, conduct of accounts etc.
- f. Confirmation on availability of insurance if it covers peak Stocks / Assets
- g. Analysis of External Credit Ratings, statutory and regulatory compliances.
- h. Assessment of Key Financial Indicators/Movement in stock exchanges.
- i. Perform such other services as requested by the lenders and mutually agreed to by the party and lenders.
- j. Physical verification of Site/Plant/Current assets/inventories by ASM team and observations thereon.
- k. Analysis of Drawing Power (DP), adherence to sanction terms and adequacy of DP.
- l. Additional verification of evidence of end use of funds and its utilization as per conditions laid down in sanction letter.
- m. Monitoring of diversion/Misappropriation of Funds and observations thereon. Check whether insurance, charges, security margin created on current assets.
- n. Assessment of quarterly key financial indicators vis-à-vis movement in stock prices.

The following aspects may be taken into consideration for classifying the Risk of BG:

**Low:**

- a. Substantial completion (more than 90%) and progress is as per contracted schedule. Adequate mobilization advances are available to take care of WC requirements.
- b. Project fully completed and is under Defect Liability period.
- c. Project delays due to reasons attributable to client viz., change of scope, design, etc. and Extension of Time (EOT) is available from the client.
- d. B2B subcontracted projects backed by equivalent BGS from the subcontractors.
- e. Bid Bond Guarantees Medium

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|     | <p><b>Medium:</b></p> <ul style="list-style-type: none"> <li>a. Project running smoothly but progress is below 75%.</li> <li>b. Project delays due to reasons attributable to client viz., change of scope, design, etc. Extension of Time (EOT) sought repeatedly but not received yet, delay in land acquisition etc.</li> <li>c. B2B subcontracted projects not backed by BGs from subcontractors.</li> </ul> <p><b>High:</b></p> <ul style="list-style-type: none"> <li>a. Project stalled / very low progress (below 50%) / pending disputes / arbitration / litigation with client.</li> <li>b. Project delay due to reasons not attributable to the client.</li> <li>c. EMD BGs issued, but Company (being L1) is unable to furnish performance BG or could not proceed with signing the agreement due to any reason.</li> <li>d. Projects having high negative cash flow.</li> <li>e. e. Delays for want of Working Capital</li> </ul>                                                                                                                                                                                                                                                                                                                                                       |
| II. | <p><b>General parameters for monitoring:</b></p> <p><b>Cash Inflow Monitoring: -</b></p> <ul style="list-style-type: none"> <li>a. Sources of cash inflow based on estimates / projections.</li> <li>b. Source of Unsecured loan / Non-Convertible Debentures (NCD), its tenor and rate of interest (ROI), if any / sale of fixed assets / investments, interest / dividend received from Investments.</li> <li>c. Profit ploughed back and any onetime windfall / exceptional cash inflow such as Profit on sale of fixed assets, tax refunds etc.</li> <li>d. Sources of margin to be ascertained to confirm whether it is through borrowing or through capital infusion and if it is brought in as per sanction stipulations.</li> </ul> <p><b>Cash Outflow Monitoring: -</b></p> <ul style="list-style-type: none"> <li>a. Utilization in inventory buildup / acquisition of fixed assets / purchase invoices of the company (about quantum and reasonableness of rates) for procurement of raw material / spares / transportation of raw material etc., on periodical basis (to be determined by the Bank/Lenders) and compare vis-à-vis monthly operation budget submitted by the Company.</li> <li>b. Utilization in creditors repayment / repayment of term borrowing / loans and</li> </ul> |

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|      | <p>advances to other firms.</p> <ul style="list-style-type: none"> <li>c. Capital drawings, if any, interest / dividend payouts, redemption of debentures, if any, shares buy back, if any etc.</li> <li>d. Inter corporate transactions and/or related party transactions.</li> <li>e. Timely and full payment of Government / Statutory dues and analysis of any other kind of outflow, if observed.</li> </ul> <p><b>Non-cash Parameters: -</b></p> <ul style="list-style-type: none"> <li>a. High value Vendor due diligence, Market values vis-à-vis Invoice Price</li> <li>b. To report on any litigation, court cases including asset classification of associate concerns</li> <li>c. Any contract entered into which is unrelated to business.</li> <li>d. Other Suggested alerts that ASM have to look into: - a. Disproportionately large cash payments in relation to normal requirements in a company of its size b. Frequent circular transactions between various bank accounts c. delay in submission of stock statements / book debts / quarterly filings to the Bank(s) Large differences between QRR and FFR etc. with stock statements and inventory regularly and particularly as on date of balance sheet. d. Delay / default in meeting statutory payments. Any apparent unrelated payment(s) that come to notice.</li> <li>e. Disproportionate holding of Work-in-progress (WIP).</li> <li>f. Regular on account payments to creditors.</li> <li>g. Regular on account payments from debtors.</li> <li>h. Any attachment of bank accounts from statutory authorities.</li> <li>i. Borrowings from unconventional sources.</li> <li>j. Frequent Dishonour of cheques.</li> <li>k. unduly large sales returns / return of bills.</li> <li>l. Lack of tie ups in working capital finance resulting in diversion of shortterm funds. m. Winding-up cases if any filed against the company. n. Insolvency proceedings against any of the promoter(s) / director(s)</li> </ul> |
| III. | <p>Examination of the claims made by the EPC companies against various concessionaries and classification of the claims against the various concessionaries into high, medium and low risk based on the probability of receiving payments against the claims raised / lodged</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

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| IV. | Examination of arbitration and dispute cases. ASM shall also furnish the stage of arbitration along with financial realizability in case of settlement of an arbitration case. |
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| <b>2.</b> | <b>Gems &amp; Jewellery / Diamond:</b>                                                                                                                                                                                                                                                                                                                              |
| I.        | Verification of inventory valuation reports. Audit the supporting documents of the Inventory – Certificate of Origin and other documents to identify the genuineness of stock                                                                                                                                                                                       |
| II.       | Analysis of long period unpaid export bills                                                                                                                                                                                                                                                                                                                         |
| III.      | Due diligence on exporter, importer and any third party involved.                                                                                                                                                                                                                                                                                                   |
| IV.       | Monitor the movement of export bills used to liquidate SBLCs using other sources of funds.                                                                                                                                                                                                                                                                          |
| V.        | Identify and analyse Bullion Trade and Merchant Trading.                                                                                                                                                                                                                                                                                                            |
| VI.       | Monitoring of the bills discounted on Associates and compliance with the ECGC norms (discounting bills of individual buyers).                                                                                                                                                                                                                                       |
| VII.      | Monitoring of the receivables (domestic and export) from associates.                                                                                                                                                                                                                                                                                                |
| VIII.     | Monitoring that the borrower has proper hedging mechanism in place for mitigating the exchange risk.                                                                                                                                                                                                                                                                |
| IX.       | Monitoring of the topline where dependency on single buyer is on a higher side.                                                                                                                                                                                                                                                                                     |
| X.        | Monitoring of the changes in the regulatory norms like imposition of the import duty, ban on export of 24 carat gold and changes in anti-money laundering norms.                                                                                                                                                                                                    |
| XI.       | Wherever the services of ASM are availed, it should be ensured that the agreement with ASM shall include clauses to allow RBI or persons authorised by RBI to access relevant information/ records with ASM related to activities outsourced. Core management and decision-making functions shall not form part of scope of activities to be carried out by an ASM. |

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| <b>3.</b> | <b>NBFC</b>                                                                                                                                                                                                                                                                                                |
| I.        | Analysis of Risk Assessment parameters (Portfolio, leverage, profitability, liquidity, asset quality, Capital Adequacy & provision, Behavioural parameters. Analysis of Asset under Management, Loan Book position, disbursement during the quarter, growth/decline in loan book position, funding mix etc |
| II.       | Assessment of Quarterly key financial indicators viz gearing (TOL/NOF), CRAR,                                                                                                                                                                                                                              |

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|      | GNPA%, NNPA%, Provision Coverage Ratio, ROA, Tier 1 Capital Ratio, Liquid Assets/Loan Assets%, Loan Book/Total Assets%, Net Interest Margin (%) (Average yield on advances to average cost of funds), Credit Cost, etc. ASM report should critically analyse and discuss QOQ, YOY improvement/deterioration in financial parameters with plausible justifications                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| III. | Compliance of Statutory and regulatory guidelines stipulated by RBI, NHB, SEBI etc. Status of the monthly/quarterly/half yearly/annual regulatory return required to be submitted by NBFC to RBI/NHB statutory returns with the regulator as prescribed vide RBI Master Circular RBI/2015-16//87 DNBS.IT.CC. No.01/24.01.191/2015-16 dated 1st July, 2015 updated from time to time viz NBS-1 Return (on Financial Indicators by deposit taking NBFCs), NBS-2 Return (on Prudential Norms by deposit taking NBFCs), NBS-2 Return (on Prudential Norms by deposit taking NBFCs), Asset-Liability Management (ALM) Return, CRILC and SMA-2 return, Branch information report etc. Critical Audit/Regulator's observations/ Adverse Reporting by other lenders, Change in Key management etc. Change in classifications of NBFC as per RBI's Scale based regulations |
| IV.  | External Credit Rating (Movement in ECR i.e., upgrade/downgrade during the quarter, improvement/ deterioration in ECR outlook etc, whether the ECR rated amount cover entire (credit + investment) exposures from the banking system. Penal action imposed, if any, by the regulator i.e. RBI, NHB, SEBI etc                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| V.   | Movement of stock prices, movement in promoters holding in the NBFC, percentage of promoter's holding pledged to financial institution and banks for raising funds etc, 52 weeks high/low, ROE, dividend payout ratio, EPS, PE ratio etc                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| VI.  | Monitoring of Cash flow i.e. whether the cash inflow and outflow are in line with the estimates with critical analysis of individual component of cash inflow viz infusion of additional capital/equity, loan disbursement from banks, interest received, Fund raised by means of issue of debentures / acceptance of deposits / fixed deposit, raising of unsecured loans, collections etc and individual component of cash out flow viz Utilization of fund for onlending, Investments towards maintaining Liquidity Coverage Ratio (LCR) and other statutory requirement, Maturing Bonds, Notes and Debentures, Payment of instalments towards Term Loan, Interest paid on loans/ borrowings, s Maturity of Term Deposits / CPs/NCDs etc.                                                                                                                      |
| VII. | Analysis of Asset Liability Management as on latest quarter, Analysis should also include (a) reason for ALM mismatch (b) The Company's plans to meet the                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

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|       | mismatch, including the availability of undrawn credit lines. (c) Realizability of loans and advances to Group Companies maturing within 1- year (d) Cash & cash equivalents, if the same are significant, vis-à-vis the total current assets and short-term repayment obligations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| VIII. | Analysis of Liquidity Coverage Ratio, High Quality Liquid Assets (HQLA) as at the end of quarter with specific comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| IX.   | Analysis of Asset coverage Ratio, Analysis of Collection efficiency and Cheque bounce rates. Analysis of overdue positions (Overdue receivables as a % of total demand raised), Stage1, Stage2, Stage3 classifications of assets as per Ind AS and its movement on QOQ and YOY basis, Analysis of SMA position, Routing of collection etc                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| X.    | Analysis of assets movement (Standard/Substandard/Doubtful/loss), Segment wise GNPA, NNPA, write off during the quarter, recovery in written off account, analysis of Top 20 GNPA, Top 10 GNPA /Loan Book, Top 10 GNPA /NOF, Write-off as % to NOF, GNPA to NOF (%), NNPA to NOF (%) etc. Analysis of lagged NPA%(This will provide insight in underwriting skill of the NBFC which may not be reflecting in GNPA)                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| XI.   | Analysis and comments on pool purchase transactions i.e., analysis of pool purchase with all lenders, SBI share in pool purchase, NPA in pool purchase, Compliance of RBI master directions on priority sector, Geographical concentrations, Credit Concertation, Expected Credit loss, Segment and product wise classifications of assets, Loan book breakup in secured/unsecured, movement in unsecured loan book, loan book breakup in retail and wholesale, average ticket size/Yield%, analysis of Top 20 exposures, Investment in group companies, related party transactions, Extent of Related Party Transactions in Financing Activity and included in business receivables<br>The above scope of works for ASM are only illustrative. Operating units are advised to include more parameters based on their experience, discussion with other lenders, new regulatory guidelines etc |

- Scope of work for industries other than above will be provided at the time of engagement.
- Any other scope of work as per requirement of the Bank will be assigned at the time of engagement.

## 6. Fees

A minimum of ₹ 5 Lakhs and Maximum of 0.05% per annum of the Total Exposures/ limits (for Overall Consortium Limit). The selection may then be based on L1 quotes within the minimum and maximum levels.

| (₹ in Crores)      |                                         |                 |
|--------------------|-----------------------------------------|-----------------|
| Exposure in Crores | Minimum ASM Fee                         | Maximum ASM Fee |
| Upto 100           | 0.05                                    | 0.05            |
| Upto 250           | 0.05                                    | 0.05            |
| Upto 500           | 0.05                                    | 0.08            |
| Upto 750           | 0.05                                    | 0.10            |
| Upto 1000          | 0.05                                    | 0.12            |
| *Above 1000        | As per Financial Bid. Min<br>0.12 Crore | 0.50            |

## 7. Submission of Reports

The ASM would be required to submit their report on quarterly basis within 30 days from the end of quarter to the branch, under copy to Credit Monitoring & Policy department, Central Office. However, depending upon nature of scope of work the ASM may be advised for submission of reports at shorter intervals by the bank.

## 8. Penalty for delay submission of reports

In case of any delay of more than 7 days over and above the permitted timeline of 30 days from the end of the Quarter in submission of ASM Report by the respective External Agency which has been allotted the ASM assignment, despite co-operation from the Borrower, Bank shall charge a penalty of 1% of the ASM Fee for such quarter from such External Agency.

## 9. Termination/ De-panelment of ASM

If Bank feels that quality of report submitted by ASM is not up to the mark or ASM is not submitting the ASM report on prescribed time, Bank can terminate the assignment at any point of time, without assigning any reason.

However, if discrepancies in reports persist regularly or if malafide intension noticed in reporting of ASM, Bank may also remove their name from list of empanelled ASM and may also report to IBA accordingly. View of Bank will be the final.

