

Information Brochure

I) Minimum capital structure of the applicant company has to be as per provisions of Section 8 of the Act

- i. If the company is not in position to bring in entire capital at the time of application, it should satisfy the Reserve Bank with supporting documentary evidence that it would be able to arrange for the same within the time granted for the purpose as per 'in-principle approval' given to the applicant company. In such case subject to such company producing satisfactory evidence in this behalf, the Reserve Bank may grant extension of time for further compliance as provided under Regulation 5 of the Credit Information Regulation, 2006. Accordingly, it would be advantageous if the applicant company provides the particulars relating to arrangement for the capital while submitting the application.
- ii. Foreign Direct Investment (FDI) participation shall be in terms of extant regulations issued under FEMA.

II) Project Report

The applicant company should furnish a project report including therein relevant aspects relating to the following:-

- a) business model as adopted or proposed to be adopted by the applicant company including therein estimated sources of income and major items of expenditure;
- b) business potential and viability of the proposed credit information company and the source of its income and profit.
- c) scope of its business in respective geographical, sectoral coverage particulars as to whether business would be conducted in wholesale / retail basis; and
- d) resources available to the applicant company to technology, MOUs, Patents, key staff etc.

III) 'Fit & Proper' status of promoters and directors of the applicant company and criterion relating thereto

1. Amongst others, while considering the application for grant of in-principle approval and subsequently a certificate of registration, the particulars relating to the 'Fit and Proper' status of promoters and directors of an applicant company would be one of the important criteria and as such applicant company should take into account these aspects while submitting its application and provide requisite particulars relating thereto.

2. Therefore, in addition to other compliances to be made as per the Act, Rules and Regulations, the applicant company should also ensure the following and furnish supporting evidence or declaration, in respect thereof;

- a. that it has observed due diligence process to determine the suitability of persons for appointment as member of its Board and also about continuance of persons already appointed as a director on its Board, based upon their qualification, technical expertise, track record, integrity, and has applied other 'Fit and Proper' criterion in this behalf;
- b. the applicant company should obtain and furnish along with the application for grant of certificate of registration, necessary information about its promoter/s, its proposed, and existing directors, and should furnish declaration as per the format enclosed (**Annexure V**); and
- c. its undertaking to the effect that; it will ensure 'Fit and Proper' status of its directors on a continuing basis, and shall obtain annually as on 31st March of every year, a declaration from them, stating thereby that; "the information already provided by them has not undergone any change", and in case if there is any change, the applicant company shall call from the director/s, and furnish to the Reserve Bank requisite details relating to the change.

IV) Other Requirements:

i) The promoters' (i.e. initial subscribers to the Memorandum of company) contribution to the capital of the applicant company at any point of time shall not be less than 60 per cent of the paid-up capital of the company and in case the promoters' contribution (including FDI) to the initial capital is in excess of such percentage, i.e. more than 60 per cent, such excess stake shall be diluted with specific approval of the Reserve Bank after one year of the commencement of the company's operations. Promoters' contribution of 60% of the initial capital shall be locked in for a period of five years from the date of grant of certificate of registration to the credit information company.

ii) A credit information company shall commence its business within a period of six months from the date of grant of certificate of registration by the Reserve Bank failing which the validity of the said certificate shall lapse automatically at the end of such period of six months, unless specifically permitted by the Reserve Bank.

iii) The applicant company should furnish an undertaking to maintain an arms length relationship with other business entities in its group including its associate companies, where it has investments in excess of 10% of equity. In taking view on the issue as to whether or not a company could be considered as belonging to a particular Promoter Group the decision of the Reserve Bank shall be final.

iv) After issuance of certificate of registration, a credit information company would not be entitled to carry on any other business except what falls within the ambit and scope of functions of a credit information company as per the provisions of section 14 of the Act read with regulation 6 of the Credit Information Companies Regulations, 2006 and as such a company after grant of certificate of registration, shall stop any other activities or function which soever is contrary to the functions of a credit information company as per said section 14 and regulation 6.

v) A credit information company will be governed by the provisions of the Companies Act, 1956 wherever issues are not covered under the Credit Information Companies (Regulation) Act, 2005 or rules or regulations framed there under.

V) Processing of applications and procedure for RBI decisions:

In view of the sensitive nature of work and extensive use of information technology, the certificate of registration will be issued on a very selective basis to those applicants who are likely found capable of conforming to the best international and domestic standards of service and efficiency. Towards this end, the following procedure for processing applications would be adopted:

- i) At the first stage, the applications will be screened by RBI to ensure *prima facie* eligibility of the applicants. Thereafter, the applications will be referred to a High Level Advisory Committee (HLAC) to be set up by RBI for further scrutiny and their expert opinion on the relevant aspect relating thereto.
- ii) The purpose of forming HLAC is to make the consideration of applications of the applicant companies transparent and to make best use of the expert knowledge and opinion in respect of technical aspects thereof. The said committee would consist of eminent senior bankers, I.T. experts etc. as its members. In the course of consideration of the applications, if so necessary, the Reserve Bank may advise any applicant company to furnish such other additional documents, clarification as it may deem appropriate and necessary. The applicant company may also be advised to depute its representative to appear before the Reserve Bank or the said Committee and to furnish such clarification as the Bank or the Committee may call for.
- iii) Based on consideration of particulars furnished by an applicant company and the opinion of the said Committee, the Reserve Bank, would consider, and if in its opinion an applicant company is found that the conditions as specified in sub-section (1) of section 5 of the Act read with regulation 5 of the Regulations, are generally fulfilled and the company is in a position to fulfill the remaining conditions, it may grant 'in principle approval' to such applicant company and provide time to the company for fulfilling the conditions included therein.

iv) If after issuance of 'in-principle approval', to a company, if any adverse feature relating to affairs of the applicant company or in respect of its promoter or the companies/firms with which the promoter is or has been associated with, or the group in which the promoter has interest comes to the notice of Reserve Bank, the Reserve Bank may impose such other additional conditions as it may deem appropriate for ensuring proper conduct of the promoter, or and if so warranted it may withdraw the 'in-principle approval'.