



भारतीय रिजर्व बैंक  
**RESERVE BANK OF INDIA**  
[www.rbi.org.in](http://www.rbi.org.in)

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March 10, 2026

All Non-Banking Financial Companies (NBFCs)

Dear Sir / Madam,

**Reserve Bank of India (Non-Banking Financial Companies – Prudential Norms on Capital Adequacy) Second Amendment Directions, 2026**

The Reserve Bank had issued the [Reserve Bank of India \(Non-Banking Financial Companies – Prudential Norms on Capital Adequacy\) Directions, 2025](#) (hereinafter referred as the 'Master Direction'), on November 28, 2025, as amended from time to time. There is a need to further amend the same to provide clarification on the components reckoned in the computation of Owned Fund.

2. Accordingly, in exercise of the powers conferred under Section 45L of the Reserve Bank of India Act, 1934 and Section 3 read with Section 31A and Section 6 of the Factoring Regulation Act, 2011, the Reserve Bank, being satisfied that it is necessary and expedient in the public interest so to do, hereby, issues the following Amendment Directions.

3. These Directions shall be called Reserve Bank of India (Non-Banking Financial Companies – Prudential Norms on Capital Adequacy) Second Amendment Directions, 2026.

4. These Amendment Directions shall come into force from immediate effect.

5. These Amendment Directions modify the Master Direction as under:

Paragraph 9 (iii) shall be replaced by:

“(iii) free reserves, including quarterly profits.

Inclusion of quarterly profits shall be subject to the following conditions:

(a) The financial statements shall be subjected to limited review / audit on a quarterly basis by the statutory auditors.

(b) Such profits shall be reduced by average dividend paid in the last three years and the amount which can be reckoned for inclusion would be arrived at as under:

$$\underline{EP_t = NP_t - 0.25 * D * t}$$

Where:

EP<sub>t</sub> = Eligible profit up to quarter 't' of the current financial year, t varies from 1 to 4

NP<sub>t</sub> = Net profit up to quarter 't'

D = average dividend paid for / pertaining to the last three financial years

Losses in the current year shall be fully deducted from Owned Fund."

Yours faithfully,

Sunil T S Nair

Chief General Manager