



**A Non-Banking Financial Company (NBFC)** is a company registered under the Companies Act, 2013, engaged in the business of loans and advances, acquisition of shares/ stocks/ bonds/ debentures/ securities issued by Government or local authority or other marketable securities of a like nature, leasing, hire-purchase, insurance business, chit business but does not include any institution whose principal business is that of agriculture activity, industrial activity, purchase or sale of any goods (other than securities) or providing any services and sale/purchase/construction of immovable property.

**CATEGORIES OF NBFCs REGISTERED WITH RBI:**

- A. In terms of the type of liabilities in Deposit and Non-deposit-accepting NBFCs;
- B. Non-deposit-taking NBFCs by their size into systemically important and other non-deposit holding companies; and
- C. By the kind of activity they conduct.

**A. In terms of the type of Liabilities into Deposit and Non –Deposit NBFC:**

- Deposits Accepting Non-Banking Financial Companies (NBFC-D)
- Non-Deposit Non-Banking Financial Companies
- Residuary Non-Banking Companies (RNBC)

**B. Non-deposit-taking NBFCs by their size into systemically important and other non-deposit holding companies:**

- Systematically Important Non Deposit Non-Banking Financial Companies (NBFC-ND-SI) – whose asset size is of Rs. 500 crore or more as per latest audited Balance Sheet;
- Non - Systematically Important Non Deposit Non-Banking Financial Companies – whose asset size is of below Rs. 500 crore as per latest audited Balance Sheet;

**C. By the kind of activity they conduct:**

- Systemically Important Core Investment Company (CIC)
- Investment and Credit Company (ICC)
- Infrastructure Finance Company (IFC)
- Infrastructure Debt Fund (IDF)
- NBFC- Non-Operative Financial Holding Company (NOFHC)
- Mortgage Guarantee Companies
- Non-Banking Financial Company- Microfinance Companies (MFIs)
- Non - Banking Financial Company- Factors (NBFC- Factors)



## **PRUDENTIAL REGULATION APPLICABLE TO NBFC FOR RETURNS AND OTHER COMPLIANCES:**

The Bank has issued detailed directions on prudential norms, vide Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 and Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015. Applicable regulations vary based on the deposit acceptance or systemic importance of the NBFC.

The directions inter alia, prescribe guidelines on income recognition, asset classification and provisioning requirements applicable to NBFCs, exposure norms, disclosures in the balance sheet, requirement of capital adequacy, restrictions on investments in land and building and unquoted shares, loan-to-value (LTV) ratio for NBFCs predominantly engaged in the business of lending against gold jewelry, besides others. Deposit-accepting NBFCs have also to comply with the statutory liquidity requirements. Details of the prudential regulations applicable to NBFCs holding deposits and those not holding deposits are available in the section '**Regulation – Non-Banking – Notifications - Master Circulars**' on the RBI website.

NBFCs are required to submit various returns to RBI w.r.t. their deposit acceptance, prudential norms compliances, ALM, Systematic Significance, etc. A list of such returns to be submitted by NBFC-ND, NBFC-NDSI, and others are as under:

### **QUARTERLY COMPLIANCES:**

<b>Form</b>	<b>Applicability</b>	<b>Description</b>	<b>Due Date</b>
DNBS-01	NBFCs-NDSI and NBFCs-D	This return includes: <ul style="list-style-type: none"><li>• components of Assets and Liabilities,</li><li>• P&amp;L accounts,</li><li>• Exposure to Sensitive Sectors, etc.</li></ul>	Within 15 days from the end of the quarter
DNBS-03	NBFCs-D, NBFCs-NDSI, and NBFCs-Non NDSI have > 100 crore assets.	The return reflects adherence to prudential standards, including those for NBF-deposit-taking and NBFC-NDSI, such as Capital Adequacy Asset (CAA), Asset Classification and Provisioning, NOF, etc.	Within 15 days from the end of the quarter



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DNBS-04A Reply STDL (Short-Term Dynamic Liquidity)	NBFCs-D and NBFCs-NDSI and - NDSI, as well as NBFCs with assets of > 100 crores.	To record specifics regarding any discrepancies between anticipated future cash inflows and outflows based on business projections.	Within 15 days from the end of the quarter
DNBS-06	RNBCs	It includes:  financial information about assets and liabilities and compliance with key prudential standards for RNBCs.	Within 15 days from the end of the quarter
DNBS-07	ARCs	Record financial metrics and various operational information for ARCs , including assets (NPA), acquired, acquisition cost, recovery progress, etc.	Within 15 days from the end of the quarter
DNBS-08 CRILC Key Return	NBFC Factors, NBFCs-D, and NBFCs-NDSI	Must record credit information on exposure of more than 5 crores to a single borrower	Within 21 days from the end of the quarter
DNBS-11	NBFC-CICs	The return includes financial information for CIC-ND-SI, such as elements of assets and liabilities, a P&L account, exposure to sensitive industries, etc.	Within 15 days from the end of the quarter
DNBS-12	NBFC-CICs	For CIC-ND-SI, the return documents adhere to prudential standards such as Capital Adequacy, Asset Classification, Provisioning, NOF, etc.	Within 15 days from the end of the quarter
DNBS-13	All NBFCs	Foreign investments for all NBFCs.	Within 15 days from the end of the quarter



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DNBS-14	NBFC-P2Ps	The return includes: <ul style="list-style-type: none"><li>• details about assets and liabilities,</li><li>• NBFCs-P2P have complied with key prudential standards.</li></ul>	Within 15 days from the end of the quarter
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**MONTHLY COMPLIANCE OF NBFC:**

Form	Type of NBFCs	Description	Due Date
DNBS-04B (Return Structural Liquidity and Interest Rate Sensitivity)	NBFCs-NDSI and NBFCs-D	The details of the mismatch in the expected future cash inflows & outflows are based on the maturity pattern of assets and liabilities and interest risk of NBFCs- NDSI.	Within 10 days from the end of every month.
NESL	All NBFCs	To report Financial Debt to NESL.	Within a week from the date of the succeeding month.
CIC Reporting	All NBFCs	Every NBFC shall require to report its loans to all 4 (four) CICs.	On or before the 10 <sup>th</sup> day of the succeeding month.

**ANNUAL COMPLIANCES OF NBFC:**

Form	Type of NBFCs	Description	Due Date
DNBS-02	Non-NDSI NBFCs	Prudential Norms is required to be submitted by NBFC accepting public deposits	within 30 days of the financial statements' completion. Before 30 <sup>th</sup> May (either on an audited basis or a provisional filing is made, an audited version must be submitted



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DNBS-10	Every NBFC and NRC	For all Non-Banking Financial Firms	15 days after the day, the balance of the statement was finalized, but no later than 31 <sup>st</sup> October.
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**ADDITIONAL NBFC COMPLIANCES:**

Form	Type of NBFCs	Description	Due Date
DNBS-05	Rejected NBFCs	To capture details concerning NBFCs that accepted public deposits and whose COR was rejected.	As when COR is rejected by the Reserve Bank of India.
DNBS-09-CRILC SMA Details	NBFCs-NDSI & NBFCs-D & NBFC-Factors	All NBFCs-D, NBFCs-NDSI & NBFCs-Factors along with aggregate Exposure > 5 Cr to the single borrower reported in SMA-2 for the day.	As on when the account is classified (de-classified) as SMA-2.
CKYCR	REs	Every regulated entity (comprising NBFCs) shall do KYC while disbursing loans/creating account relationships.	Within 10 Days from the date of account relationship.
CERSAI	All Financial Institutions	While disbursing secured loans	As soon as possible to secure 1 <sup>st</sup> change over the secured property.
FIU-IND	All regulated entities	Report certain transactions to FIU-IND agency mentioned under Rule 3 of PMLA Rules 2005.	Within the 15 <sup>th</sup> Day of the succeeding month & within 7 working days of being satisfied that the transaction is suspicious.
Return on FDI	All Entities, if applicable	To record adherence to the required minimum capitalization standards, and	Half Yearly i.e., 30 <sup>th</sup> April and October 30 of each year



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		that is performing the FEMA-required activities	
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**PENALTIES:**

- If a Company is registered as a Non-Banking Financial Company (NBFC) under the Reserve Bank of India Act, 1934 then the penalty for non-compliance can be imposed as per the provision of section 58(g)(1)(a).
- The amount of penalty varies for different kinds of NBFC companies.
- If the NBFC fails to fulfill any of the compliances or fails to comply with any direction issued by the RBI, the RBI may cancel the Certificate of Registration granted to the NBFC.

**PORTAL:**

The RBI has shifted current filing return online submitting process from COSMOS platform to the New XBRL filing system with the RBI portal. Therefore, NBFCs are needed to have the below in order to submit NBFC Returns on all latest XBRL portal i.e., [https://orfs.rbi.org.in/orfs\\_xbml.aspx](https://orfs.rbi.org.in/orfs_xbml.aspx)

- Get NBFC User ID & Password from RBI
- Installation of XBRL RBI file need
- Update profile on the XBRL portal on time-to-time basis.

*Important Note: The applicable returns for the period ended December 31, 2023 onwards on both XBRL and CIMS. Return Submission will be considered complete, only when the submission of returns is successful in both XBRL and CIMS portals. During this parallel run, returns are to be filed on the CIMS portal using the available returns installers, with the exception of Fraud Monitoring Returns (FMR).*

Once the parallel run is successfully completed, the XBRL system will be discontinued, and reporting through the CIMS portal will be the sole method for filing returns. The link is <https://sankalan.rbi.org.in/>

**Disclaimer:** This article provides general information existing at the time of preparation and we take no responsibility to update it with the subsequent changes in the law. The article is intended as a news update and Affluence Advisory neither assumes nor accepts any responsibility for any loss arising to any person acting or refraining from acting as a result of any material contained in this article. It is recommended that professional advice be taken based on specific facts and circumstances. This article does not substitute the need to refer to the original pronouncement





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