

RBI/2006-07/ 133

**DNBS (PD) C.C. No. 79 / 03.05.002/ 2006-07      September 21, 2006**

To,

All Non-Banking Financial Companies (NBFCs),  
Including Residuary Non-Banking Companies (RNBCs)

Dear Sirs,

**Amendment to NBFC regulations -Certificate of Registration (CoR) issued under Section 45-IA of the RBI Act, 1934 – Continuation of business of NBFI -Submission of Statutory Auditors Certificate**

In terms of Section 45-IA of the RBI Act, 1934 it is mandatory for a company to obtain Certificate of Registration (CoR) from Reserve Bank of India (RBI) before commencing or to carry on business of a non-banking financial institution.

2. It has been observed that there are NBFCs which are no longer engaged in the business of NBFI but still continue to hold the CoR even though they are not required/eligible to hold the CoR granted by RBI. In order to ensure that only NBFCs which are actually engaged in the business of NBFI hold CoR, it has been decided that all NBFCs should submit a certificate from their Statutory Auditors every year to the effect that they continue to undertake the business of NBFI requiring holding of CoR under Section 45-IA of the RBI Act, 1934. The first such certificate should relate to the financial year ending March 31, 2006. The certificate from the Statutory Auditors in this regard may be submitted to the Regional Office of the Department of Non-Banking Supervision under whose jurisdiction the NBFC is registered, latest by June 30, every year with reference to the position of the company as on March 31 of that year. A copy of the amending Notification No. DNBS. 188/CGM(PK)-2006 dated September 21, 2006 as well as updated

Notification No.DFC.119/DG(SPT)-98 dated January 31, 1998 is enclosed for meticulous compliance.

Yours faithfully,

(P. Krishnamurthy)  
Chief General Manager-in-Charge

RESERVE BANK OF INDIA  
DEPARTMENT OF NON-BANKING SUPERVISION  
CENTRAL OFFICE  
CENTRE I, WORLD TRADE CENTRE,  
CUFFE PARADE, COLABA,  
MUMBAI 400 005.

**Notification No. DNBS. 188/CGM(PK)-2006 dated September 21, 2006**

The Reserve Bank of India, having satisfied that, in the public interest, and to enable the Bank to regulate the financial system of the country to its advantage, it is necessary to amend the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998, in exercise of the powers conferred by section 45JA of the Reserve Bank of India Act, 1934 (2 of 1934) and of all the powers enabling it in this behalf, hereby directs that the said directions contained in Notification No.DFC.119/DG(SPT)-98 dated January 31, 1998 shall stand amended with immediate effect as follows, namely -

2. A new paragraph shall be inserted after paragraph 9C as under:

**"Submission of a certificate from Statutory Auditor to the Bank**

9D. Every NBFC shall submit a Certificate from its Statutory Auditor that it is engaged in the business of non-banking financial institution requiring it to hold a Certificate of Registration under Section 45-IA of the RBI Act. A certificate from the Statutory Auditor in this regard with reference to the position of the company as at end of the financial year ended March 31 may be submitted to the Regional Office of the Department of Non-Banking Supervision under whose jurisdiction the NBFC is registered, latest by June 30, every year. "

(P. Krishnamurthy)  
Chief General Manager In-Charge