NBFC FinSight

Credit to Credibility...

Business & Compliance

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DSB LawGroup

Empowering SME's and Going Beyond...

Newsletter

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Key Takeaway

NBFCs must treat compliance as a continuous priority to protect their registration, ensure business continuity and maintain stakeholder trust

Recent Developments in NBFC Registrations

On July 15, 2026, RBI cancelled 192 Certificates of Registration of NBFCs, including 159 from West Bengal. These cancellations highlight continued non-compliance and reinforce that registration is conditional, requiring ongoing adherence to regulatory obligations.

01 WHAT HAPPENED

- RBI cancelled 192 NBFC Certificates of Registration.
- 159 cancels from West Bengal; remainder across Gujarat and Delhi among other states.
- Main reasons: withdrawal from financial business, unregistered entities, and non-compliance.

02 WHY IT MATTERS

- Cancellation disrupts operations and erodes market and customer confidence.
- Reflects RBI's focus on compliance culture and governance.
- Strengthens the need for timely reviews, documentation and regulatory readiness.

03 PERSPECTIVE

- Maintain a robust compliance framework and governance structure.
- Monitor regulatory changes and act on them proactively.
- Conduct regular internal reviews and readiness assessments.

> *Registration is not a one-time milestone; it demands continuous compliance oversight.*

Warm regards,

Dinesh Gupta

Chief Editor – NBFC FinSight

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NBFCs should adopt a disciplined approach to the acquisition, valuation and disposal of SNFAs. Strong internal policies and timely monitoring are essential to prevent non-financial assets from affecting asset quality and financial stability.

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Prudential Framework for Specified Non-Financial Assets

By CA Kanika Gupta, DSB Law Group

RBI has introduced a structured prudential framework for immovable assets acquired by Non-Banking Financial Companies (NBFCs) in settlement of stressed loans. These assets are classified as 'Specified Non-Financial Assets' (SNFAs) and must be managed in accordance with the principles of prudence, transparency and time-bound disposal.

OVERVIEW

The framework becomes effective from October 1, 2026. SNFAs appearing in the books as on September 30, 2026, are classified as 'Legacy SNFAs' and must comply by September 30, 2027.

Every NBFC must incorporate provisions for acquisition, valuation, disclosure, eligibility, delegation of authority, recovery measures and time-bound disposal in its policy.

An SNFA may be acquired only against a non-performing exposure of the concerned borrower and only when legal title is transferred to the NBFC with independent control over the property.

KEY HIGHLIGHTS

01	The framework will become effective from October 1, 2026.
02	SNFAs may be acquired only against non-performing exposures.
03	Valuation must be the lower of net book value or distress sale value.
04	SNFAs must be disposed of within a maximum of seven years.
05	Separate disclosure and reporting through CIMS or NHB are mandatory.

ELIGIBILITY & APPLICABILITY

- An SNFA may be acquired only when the NBFC's exposure to the concerned borrower has been classified as non-performing and the asset's legal title is transferred to the NBFC.

For Full Article: Click Here

CORE MESSAGE

The acquisition of an asset does not amount to the realisation of accrued income. NBFCs must recognise income only upon actual receipt and ensure that legacy unrealised amounts are identified and reversed within the prescribed timeline.

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Income Recognition Framework for Specified Non-Financial Assets

By Dinesh Gupta, Founder & Chief Consultant- DSB Law Group

RBI has introduced a revised framework for recognising income relating to Specified Non-Financial Assets (SNFAs) acquired by NBFCs in settlement of stressed exposures. The amendment, issued on July 16, 2026, is effective from October 1, 2026.

WHAT HAS CHANGED?

Only income that has genuinely been received from an SNFA can be recognised in the financial statements. Accrued but unrealised interest or charges will no longer be treated as income merely because the asset has been acquired. Appropriate accounting adjustments are required to ensure accurate income reporting.

TRANSITION REQUIREMENT

Any accrued but unrealised interest or charges on SNFAs already outstanding in the books as on September 30, 2026 must be reversed through the Profit and Loss Account no later than September 30, 2027. NBFCs must review, reconcile and document such amounts within the prescribed period.

KEY HIGHLIGHTS

01 The framework will become effective from October 1, 2026.

02 Unrealised interest or charges cannot be recognised as income.

03 Legacy unrealised income must be reversed by September 30, 2027.

04 SNFA receipts qualify as non-interest/other income; upkeep costs are expensed when incurred.

REGULATORY INTENT

The revised framework ensures that reported income reflects actual realisation from SNFAs, preventing premature income recognition and strengthening transparency in financial reporting.

For Full Article: Click Here

The revised framework offers greater financing flexibility, but each unit must independently demonstrate financial closure and commercial viability. Robust appraisal and documentation will remain central to prudent credit decisions.

Revised Framework for Financing Independent Project Units

By Dr. Wishey Kataria, Senior Consultant, DSB Law Group

RBI has introduced greater flexibility for NBFCs in financing projects that can be developed as multiple independent and commercially viable units. Issued on July 15, 2026, the amendment to the Non-Banking Financial Companies – Credit Facilities Directions, 2025 came into force with immediate effect.

01 WHAT HAS CHANGED

- Large projects may now be assessed unit-wise where units can operate independently.
- NBFCs may finance each independent unit as a separate project.
- This flexibility applies only where the unit is commercially and operationally viable on a standalone basis.

02 PRUDENTIAL CONDITIONS

- Each unit must have its own financial closure.
- NBFCs must conduct an ex-ante appraisal before extending finance.
- The appraisal must establish standalone viability and adequate financial and operational capacity.
- Not every component of a larger project automatically qualifies as a separate project.

03 SECTOR CLARIFICATION

- For integrated electricity projects, the amendment clarifies treatment where the project includes generation plus transmission or evacuation infrastructure.
- Right-of-way requirements for the transmission component should be reviewed under the relevant provisions.

For Full Article: Click Here

KEY HIGHLIGHTS

1. Effective from July 15, 2026.
2. Independently viable units may be financed as separate projects.
3. Each unit requires its own financial closure and ex-ante viability appraisal.
4. Right-of-way requirements are clarified for electricity projects involving generation and transmission infrastructure.

REGULATORY SIGNIFICANCE

The amendment allows NBFCs to finance viable units independently while ensuring that each unit is supported by separate financial closure, due diligence and standalone viability assessment.

DSB PERSPECTIVE

NBFCs should update project-finance policies, appraisal systems and internal procedures. Credit committees should clearly document the basis for treating individual units as separate projects and verify compliance before sanctioning the facility.

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CORE MESSAGE

Strong data governance requires clear ownership, reliable data and effective risk oversight.

Strengthening Data Governance Across Regulated Entities

By VK Sareen, Executive Director – Credifin Limited

RBI guidance underscores the need for a comprehensive and proportionate Data Governance Framework across all regulated entities. As digital financial services expand and third-party arrangements grow, robust governance is essential to ensure data quality, privacy, security, accountability and effective risk management.

01 Why this matters

- Rapid growth in digital financial services and third-party arrangements has increased data volume and complexity.
- Weak data management elevates operational, compliance and financial risks.
- Regulatory guidance aligns with supervisory observations and global practices (incl. BCBS 239).

02 Governance expectations

- Board oversight with a board-level Data Governance Committee.
- Clear roles for Data Owners, Stewards and Custodians.
- Data quality, classification, metadata, lineage, authorised sources and documentation.
- Strong controls for access, storage, transmission, retention, backup, archival, disposal, business continuity and DR.

03 Implementation focus

- Build a framwork aligned with overall risk management, proportionate to size, complexity, business model and technology.
- Assess and remediate data risks across the lifecycle, including cross-functional and third-party arrangements.
- Conduct periodic internal and external audits using a risk-based approach.

KEY TAKEAWAYS

- Establish a comprehensive and proportionate Data Governance Framework.
- Ensure active oversight by the Board and designated committees.
- Define clear roles for Data Owners, Stewards and Custodians.
- Integrate data risk with the overall risk-management framework.
- Conduct regular reviews and risk-based internal and external audits.

> *Strong data governance supports compliance, resilience, accountability and trust across regulated entities.*

For Full Article: Click Here

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Institutional resilience requires strong governance, prudent risk-taking and a risk-aware culture embedded in everyday decisions.

Building Institutional Resilience: Embedding Risk Culture Within NBFCs

By Dinesh Gupta, Founder & Chief Consultant – DSB Law Group

Institutional resilience in NBFCs is not just about withstanding shocks—it is about embedding a sound risk culture into every layer of the organisation. From strategy to daily operations, resilience must be woven into how decisions are made, risks are managed, and value is created.

1. Why Resilience Matters

NBFCs have evolved rapidly—diversifying into retail lending, MSME finance, vehicle loans, housing finance, consumer credit, and specialised segments.

Technological advances, data analytics, digital lending, and alternative credit assessment have strengthened capabilities. Yet, risks persist from economic downturns, delinquencies, unsecured lending, concentration, liquidity pressures, and changing customer behaviour. Resilience ensures business continuity through all cycles.

2. Core Risk Culture Elements

A strong risk culture is built on foundations that guide behaviour and decision-making every day.

- **Prudent risk management** across credit, liquidity, market, and operational risks
- **Defined risk appetite** and clear risk-return framework
- **Customer-centric & ethical conduct**
- **Accountability** and ownership at all levels
- **Continuous risk awareness** and capability building

3. Governance & Oversight

The Board and senior management set the tone for a strong risk culture.

- Define risk appetite and ensure regulatory compliance
- Promote **accountability** across the organisation
- Support robust governance frameworks and transparent policies
- Ensure effective oversight through stress testing, scenario analysis, and contingency planning
- Periodic review of risk management frameworks to stay future-ready

4. Operational Focus

Resilience is demonstrated in day-to-day operations and strategic choices.

- Embed risk controls in customer onboarding, underwriting, pricing, and collections
- Manage liquidity and funding strategies prudently
- Monitor emerging risks and respond proactively
- Strengthen internal controls, technology governance, and customer protection

Key Takeaways

- Resilience must be embedded across the organisation—not confined to a function.
- Diversification and technology enhance capacity, but risks demand constant vigilance.
- Leadership, governance, and oversight are central to building a strong risk culture.
- Regular testing, scenario planning, and framework review strengthen preparedness.
- Sustainable resilience comes when governance and prudent risk management become part of everyday operations and strategic decision-making.

> *A resilient NBFC is not just prepared for uncertainty—it is built to thrive through it. When risk culture becomes part of our DNA, confidence is earned, trust is strengthened, and value is sustained.*

For Full Article: Click Here

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CORE MESSAGE

A resilient balance sheet requires more than adequate capital. NBFCs must strengthen liquidity management, funding diversification, asset quality, portfolio monitoring and governance to support sustainable long-term growth.

Balance Sheet Strengthening: Building Long-Term Resilience

By CS Sagrika Jayee, DSB Law Group

WHY IT MATTERS

A resilient NBFC is built on a strong and well-managed balance sheet. Timely recognition of financial stress is the first step towards resilience, but true resilience comes from decisive corrective action. Identifying deteriorating asset quality or liquidity pressures early allows institutions to take appropriate measures before risks impact stability or growth.

REGULATORY EVOLUTION

RBI has enhanced prudential norms relating to capital adequacy, asset classification, provisioning, liquidity risk management, governance standards, concentration limits, and Scale Based Regulation (SBR). These reforms promote transparency, maintain adequate buffers, and strengthen the ability of NBFCs to withstand periods of economic uncertainty.

STRENGTHENING THE BALANCE SHEET

NBFCs must maintain adequate capital, liquid assets and diversified funding sources. Prudent ALM practices ensure the right mismatch management between assets and liabilities. Regular monitoring of liquidity gaps, maintaining liquidity buffers, and contingency funding plans help manage potential market disruptions.

Diversified funding reduces refinancing risk and improves stability during market volatility. Strong governance, portfolio performance review, and data-driven decision-making support effective recovery and risk mitigation.

Continuous investment in robust governance, prudent lending, and risk oversight ensures that NBFCs remain well-capitalised, diversified and resilient to navigate economic cycles and safeguard stakeholder value.

KEY TAKEAWAYS

- Maintain adequate capital, liquidity and diversified funding sources.
- Strengthen ALM, liquidity buffers and contingency funding plans.
- Ensure strong governance, portfolio performance and recovery strategies.
- Stay aligned with RBI guidelines and regulatory requirements.
- Build resilience through prudent risk management and continuous monitoring.

For More Information: **Click Here**

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NBFC Compliance Calender

August-2026

Aug-26	Income Tax/PF /ESIC		GST		RBI	
Dates	**Return**	**Compliance**	**Return**	**Compliance**	**Return**	**Compliance**
07-Aug	Monthly TCS Payment	Taxpayers collecting TCS for the month of July 26				
	Monthly TDS Payment	Taxpayers collecting TDS for the month of July 26				
11-Aug			GSTR-1 Filing (Monthly):	For taxpayers with annual turnover > ₹1.5 crore or who have opted for monthly filing.		
13-Aug			Quarterly GSTR-1 IFF (QRMP scheme)	Filing for July 26 (Optional)		
15-Aug	Form 16A	Issue of TDS Certificates in Form 16A for April to June 2026			DNBS-4B Return	Base Layer NBFC with Asset Size of 100 Crore and Above & Middle Layer NBFC relating to Short term Dynamic Liquidity-Return of Structural Liquidity & Interest Rate Sensitivity
	ESI Challan	Employers registered under ESI Act for the month of July 26				
	PF Challan (ECR)	Employers registered under EPF Act for the month of July 26				
20-Aug			GSTR-3B (Monthly)	For taxpayers with:		
				Annual turnover > ₹5 crore, or		
				Opted for monthly filing		
25-Aug			GST Challan Payment	GST Challan Payment if no sufficient ITC for Jul 2026 (for all Quarterly Filers)		
30-Aug	TDS Payment	TDS Payment in Form 26QB (Property), 26QC (Rent), 26QD (Contractor Payments), 26QE (Crypto Assets) for July 2026			DNBS08 – CRILC-Main	Base Layer NBFC with Asset Size of 500 Crore and Above & Middle Layer NBFC relating to Short term Dynamic Liquidity-Return for Large Credits & SMA
31-Aug	Income Tax return Filing	Income tax return for Individuals, HUF , Firms/LLP , AOP who are having any busines/profession (ITR3/ITR4) for FY 2025-26				

NBFC Compliance Calender

September-2026

Sep-26	Income Tax/PF /ESIC		GST		RBI		
Dates	**Return**	**Compliance**	**Return**	**Compliance**	**Return**	**Compliance**	
07-Sep		Monthly TCS Payment	Taxpayers collecting TCS for the month of Aug 26				
		Monthly TDS Payment	Taxpayers collecting TDS for the month of Aug 26				
11-Sep				GSTR-1 Filing (Monthly)	For taxpayers with annual turnover > ₹1.5 crore or who have opted for monthly filing.		
13-Sep				Quarterly GSTR-1 IFF (QRMP scheme)	Filing for Aug 26 (Optional)		
15-Sep		Advance Income tax	Advance Income tax for July to Sept 2026(2nd Installment)			DNBS-4B Return	Base Layer NBFC with Asset Size of 100 Crore and Above & Middle Layer NBFC relating to Short term Dynamic. Liquidity-Return of Structural Liquidity & Interest Rate Sensitivity
		ESI Challan	Employers registered under ESI Act for the month of August 26				
		PF Challan (ECR)	Employers registered under EPF Act for the month of August 26				
20-Sep				GSTR-3B (Monthly)	For taxpayers with:		
					Annual turnover > ₹5 crore, or Opted for monthly filing		
				GST Challan Payment	GST Challan Payment if no sufficient ITC for Aug 2026 (for all Quarterly Filers)		
27-Sep						AOC 4	Filing of Audited Financial Statements By One Person Company for FY 25-26
30-Sep		DIR 3	KYC for Directors of Company's and LLP's			DNBS08 – CRILC-Main	Base Layer NBFC with Asset Size of 500 Crore and Above & Middle Layer NBFC relating to Short term Dynamic Liquidity-Return for Large Credits & SMA
		AGM	Annual General Meeting for Companies'			Capital Adequacy Ratio (CAR) Reporting	All NBFCs relating to reporting minimum Capital Adequacy Compliance
		Form 3CB-3CD and 3CA -3CD	Audit Report in Form 3CB-3CD and 3CA -3CD for Non -Corporate's and Corporate's for FY 2025-26			Balance Sheet & Profit/Loss Statement	All NBFCs-Submission of annual financial statement
		ITR-5	Income Tax Return including Tax Audit report and Annexures				
		TDS Payment	TDS Payment in Form 26QB (Property), 26QC (Rent), 26QD (Contractor Payments), 26QE (Crypto Assets) for Aug 2026				

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NBFC Compliance Calender

Compliance Required

S No.	In addition to:	COMPLIANCE REQUIRED
1	Statutory Compliance Board Meetings	All NBFC -Quarterly meetings discussing regulatory updates-4 times a year as per Companies Act
2	FEMA Foreign Investment Reporting	NBFCs with FDI -Report any foreign direct investment (FDI) transactions to RBI on Monthly Basis as per FEMA and RBI FDI Guidelines
3	Customer Complaint Tracking	All NBFC's -Maintain records of customer grievances and resolutions as per RBI guidelines on Monthly Basis as per RBI Fair Practices Code
4	CERSAI Reporting (Central Registry of Securitization and Asset Reconstruction)	NBFCs engaged in secured lending-reporting securitization and asset reconstruction transactions on Weekly Basis as per SARFAESI Act
5	CKYC Uploads	All NBFCs onboarding new customers-Reporting new customer onboarding under Central KYC on Weekly Basis as per CKYC RBI Circular
6	FIU-IND Reporting (Suspicious Transaction Reporting - STR)	All NBFCs-Submission of suspicious transaction reports to FIU-IND on Weekly basis as per Prevention of Money Laundering Act
7	DNBS10 (Statutory Auditors Certificate)	All NBFCs & Asset Reconstruction Companies (ARCs)-Confirmation of Compliance with RBI Norms -Within 5 days from the approval of financial Statement by the Board of Directors but not maximum by by 31st of December, 2025
8	DNBS09 - CRILC-Weekly	Base Layer NBFC with Asset Size of 500 Crore and Above, Middle Layer NBFCs-Return for Large Credits & SMA to be filed on or before Wednesday of the following week

S No.	NBFC ANNUAL ROC COMPLIANCES	
1	AOC-4 CFS	Annual Return covering Consolidated Financial Statements (Profit & Loss and Balance Sheet). within 30 days of AGM
2	AOC-4 NBFC (IND AS)	Annual Return covering standalone Financial Statements, within 30 days of AGM
3	MGT-7	Annual Return providing details of Board Meetings and company structure ,within 60 days of AGM.

S No.	EVENT BASED COMPLIANCES	
1	INC-22	Change in registered office address , within 15 days of change
2	DIR-12	Appointment /resignation of Directors , within 30 days of event
3	PAS-3	Return of Allotment of Shares , within 30 days of event
4	MGT-14	Filling of Resolutions with ROC, within 30 days of event

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DSB Law Group Pvt. Ltd.

Conviction & Commitment

A Legacy of Growth and Expertise

Founded in 1967 by Shri K.M. Gupta, DSB Law Group has evolved from a specialized taxation practice into a full-service legal and business advisory platform. Since 1984, under the guidance of Shri Dinesh Gupta, the firm has broadened its focus to include corporate law, banking, NBFC regulations, and governance frameworks, merging legal accuracy with strategic insight.With a commitment to innovation and adaptability, DSB Law Group has consistently stayed ahead of industry trends, ensuring that clients receive forward-thinking solutions tailored to their unique needs. This evolution reflects our dedication to not only understanding the complexities of law but also the dynamic nature of business environments. Our team of seasoned professionals combines deep legal knowledge with industry-specific expertise, allowing us to offer bespoke solutions that drive success in an ever-changing landscape. Whether navigating intricate regulatory challenges or crafting strategies for expansion, we are partners in our clients' journeys, empowering them to achieve their fullest potential. With a proven track record of fostering growth, DSB has been instrumental in turning startups into success stories and helping large businesses scale new heights.

At DSB Law Group, we are committed to excellence, integrity, and building enduring partnerships with the businesses we serve.

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