Annex 1: Applicable regulatory capital requirements as at the date of issuance of the circular

(Refer paragraph 5 of circular)

The table below enumerates the applicable capital requirements for various categories of non-banking finance companies (NBFCs) as applicable on the date of the issuance of the circular. These are subject to change in future and therefore while declaring dividend, the requirements applicable to the period under consideration need to be considered.

Sl. No.	NBFC category	Capital requirements	Reference
1.	Non-systemically important non-deposit taking (NBFC-ND) (excluding Micro-Finance Institutions (MFI)and Infrastructure Finance Companies (IFCs))	Leverage Ratio The leverage ratio of an applicable NBFC (except NBFC-MFIs and NBFC-IFCs) shall not be more than 7 at any point of time, with effect from March 31, 2015. In respect of NBFCs primarily engaged in lending against gold jewellery (such loans comprising 50 percent of more of their financial assets) they shall maintain a minimum Tier I capital of 12 percent.	Paragraph 6 of Master Direction - Non-Banking Financial Company -Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016
2.	Deposit taking (NBFC-D) and Systemically important (NBFC-NDSI) (includes all IFCs but excluding MFI and NBFC-Infrastructure Debt Funds (IDF))	(a) Every applicable NBFC shall maintain a minimum capital ratio consisting of Tier I and Tier II capital which shall not be less than 15 percent of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items (b) The Tier I capital in respect of applicable NBFCs (other than NBFC-MFI and IDF-NBFC), at any point of time, shall not be less 10 per cent (c) Applicable NBFCs primarily engaged in lending against gold jewellery (such loans comprising 50 percent or more of their financial assets) shall maintain a minimum Tier I capital of 12 percent.	Paragraph 6 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016
3.	MFI	NBFC-MFIs shall maintain a capital adequacy ratio consisting of Tier I and Tier II Capital which shall not be less than 15 percent of its aggregate risk weighted assets. The total of Tier II Capital at	Paragraph 55 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and

Sl. No.	NBFC category	Capital requirements	Reference
		any point of time, shall not exceed 100 percent of Tier I Capital.	Deposit taking Company (Reserve Bank) Directions, 2016
4.	NBFC- IDF	The IDF-NBFC shall have at the minimum CRAR of 15 percent and Tier II Capital of IDF-NBFC shall not exceed Tier I.	Paragraph 51 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016
5.	Core Investment Companies	Adjusted Net Worth Adjusted Net Worth of a CIC shall at no point of time be less than 30% of its aggregate risk weighted assets on balance sheet and risk adjusted value of off-balance sheet items as on the date of the last audited balance sheet as at the end of the financial year. Leverage Ratio The outside liabilities of a CIC shall at no point of time exceed 2.5 times its Adjusted Net Worth as on the date of the last audited balance sheet as at the end of the financial year.	Paragraph 8 and 9 of Master Direction – Core Investment Companies (Reserve Bank) Directions, 2016
6.	Housing Finance Company	Every housing finance company shall, maintain a minimum capital ratio on an ongoing basis consisting of Tier-I and Tier-II capital which shall not be less than – 13 per cent as on March 31, 2020; – 14 per cent on or before March 31, 2021; and – 15 per cent on or before March 31, 2022 and thereafter of its aggregate risk weighted assets and of risk adjusted value of off-balance sheet items. The Tier-I capital, at any point of time, shall not be less than 10 per cent. The total of Tier-II capital, at any point of time, shall not exceed 100 per cent of Tier-I capital.	Paragraph 6 of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021
7.	Mortgage Guarantee Company	(a) A mortgage guarantee company shall maintain a capital adequacy ratio consisting of Tier I and Tier II capital which shall not be less than ten percent (10%) of its aggregate risk weighted assets of on balance sheet and of risk adjusted value of off-balance sheet items or any other	Paragraph 9 of Master Directions - Mortgage Guarantee Companies (Reserve Bank) Directions, 2016

<table>
<tr><th>Sl. No.</th><th>NBFC category</th><th>Capital requirements</th><th>Reference</th></tr>
<tr><td></td><td></td><td>percentage that may be prescribed by the Reserve Bank for the purpose, from time to time.

(b) A mortgage guarantee company shall maintain at least six percent (6%) of its aggregate risk weighted assets of on balance sheet and of risk adjusted value of off-balance sheet items as Tier I capital.

(c) The total of Tier II capital, at any point of time, shall not exceed one hundred per cent of Tier I capital.</td><td></td></tr>
<tr><td>8.</td><td>Peer-to-peer lending platform</td><td>NBFC-P2P shall maintain a Leverage Ratio not exceeding 2.</td><td>Paragraph 7(1) of Master Directions - Non-Banking Financial Company -Peer to Peer Lending Platform (Reserve Bank) Directions, 2017</td></tr>
<tr><td>9.</td><td>Account Aggregator</td><td>The company shall not have a leverage ratio of more than seven.</td><td>Paragraph 4.2 of Master Direction- Non-Banking Financial Company - Account Aggregator (Reserve Bank) Directions, 2016</td></tr>
<tr><td>10.</td><td>Government NBFCs</td><td>NBFC-ND
Leverage Ratio as applicable to NBFC-NDs -A roadmap for adherence by March 31, 2022 to be prepared by the Govt. NBFC – ND
NBFC-NDSI and NBFC-ND
<table>
<tr><th>Requirement</th><th>Date</th></tr>
<tr><td>10% (min Tier I -7%;</td><td>March 31, 2019</td></tr>
<tr><td>12% (min Tier I -8%)</td><td>March 31, 2020</td></tr>
<tr><td>13% (min Tier I -9%)</td><td>March 31, 2021</td></tr>
<tr><td>15% (min Tier I -10%)</td><td>March 31, 2022</td></tr>
</table>
Government NBFCs that are already complying with the prudential regulation as per the road map submitted by them shall continue to follow the same.</td><td>DNBR (PD) CC.No.092/03.10.001/2017-18 dated May 31, 2018</td></tr>
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