

**NBFC Auditors Directed to Verify Continued Compliance  
of Capital Adequacy Ratio Requirement**

**June 6, 2002**

The Reserve Bank of India today amended the formats of the certificates to be furnished by the NBFCs and their auditors in the half yearly return on prudential norms (Form NBS-2). The auditors would now have to certify that the capital adequacy ratio has been maintained by these companies on an on-going basis. The Reserve Bank has clarified that if there is a violation of this requirement by any company, the auditors of these companies should indicate such violation in their report to be submitted by them to the Board of Directors of the company, its shareholders and the RBI under the auditor's directions issued by the Reserve Bank.

The RBI has reminded that the NBFCs were already advised in January 2002 that the capital adequacy ratio is applicable not only on the reporting date but also on an on-going basis. As such, NBFCs must ensure, while writing fresh business, that capital adequacy ratio does not fall below the stipulated minimum.

The RBI has advised that the certificate for the half-yearly return as on March 31, 2002 (to be submitted by June 30,2002) should be furnished in the new format.

Detailed circular and the amending notification is available on RBI website at [www.rbi.org.in](http://www.rbi.org.in)

**Alpana Killawala  
General Manager**

**Press Release No.2001-2002/1348**