



**भारतीय रिज़र्व बैंक**  
**RESERVE BANK OF INDIA**

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**Reserve Bank of India (Non-Banking Financial Companies – Prudential Norms  
on Declaration of Dividends) Directions, 2025**

**Table of Contents**

<b>Chapter I - Preliminary.....</b>	<b>2</b>
A. <b>Short title and commencement .....</b>	<b>2</b>
B. <b>Applicability .....</b>	<b>2</b>
C. <b>Definitions .....</b>	<b>3</b>
<b>Chapter II - Declaration of dividend .....</b>	<b>5</b>
A. <b>Board oversight .....</b>	<b>5</b>
B. <b>Eligibility criteria.....</b>	<b>5</b>
C. <b>Quantum of dividend payable .....</b>	<b>6</b>
D. <b>Reporting System.....</b>	<b>8</b>
<b>Chapter III - Repeal provisions .....</b>	<b>9</b>
A. <b>Repeal and saving .....</b>	<b>9</b>
B. <b>Application of other laws not barred .....</b>	<b>9</b>
C. <b>Interpretations .....</b>	<b>10</b>
<b>Annex I - Reporting format for an NBFC declaring dividend.....</b>	<b>11</b>
<b>Annex II - Reporting format for an SPD declaring dividend .....</b>	<b>12</b>



In exercise of the powers conferred by Sections 45L of the Reserve Bank of India (RBI) Act, 1934, Section 3 read with Section 31A and Section 6 of the Factoring Regulation Act, 2011, Sections 30A, 32 of the National Housing Bank Act, 1987 and all other provisions / laws enabling the Reserve Bank of India ('RBI') in this regard, being satisfied that it is necessary and expedient in the public interest so to do, hereby, issues the Directions hereinafter specified.

## **Chapter I - Preliminary**

### **A. Short title and commencement**

1. These Directions shall be called the Reserve Bank of India (Non-Banking Financial Companies - Prudential Norms on Declaration of Dividends) Directions, 2025.
2. These Directions shall come into effect immediately upon issuance.

### **B. Applicability**

3. These Directions shall be applicable to following Non-Banking Financial Companies, (hereinafter collectively referred to as 'NBFCs' and individually as an NBFC), for all layers, unless specified otherwise:
  - (i) Deposit taking NBFC (NBFC-D) registered with the RBI under the provisions of the RBI Act, 1934;
  - (ii) NBFC-Investment and Credit Company (ICC) registered with the RBI under the provisions of the RBI Act, 1934;
  - (iii) NBFC-Factor registered with the RBI under the provisions of the Factoring Regulation Act, 2011;
  - (iv) NBFC-Microfinance Institution (MFI) registered with the RBI under the provisions of the RBI Act, 1934;
  - (v) NBFC-Infrastructure Finance Company (IFC) registered with the RBI under the provisions of the RBI Act, 1934;
  - (vi) NBFC-Infrastructure Debt Fund (IDF) registered with the RBI under the provisions of the RBI Act, 1934;
  - (vii) Housing Finance Company (HFC) registered with the RBI under the provisions of the NHB Act, 1987;



- (viii) Mortgage Guarantee Company (MGC) registered with RBI under the scheme of Registration of Mortgage Guarantee Companies;
- (ix) Standalone Primary Dealers (SPDs) registered as NBFC with the RBI under the provisions of the RBI Act, 1934;
- (x) Core Investment Company (CIC) registered with the RBI as NBFCs under the provisions of the RBI Act, 1934;
- (xi) NBFC-Peer to Peer Lending Platforms (NBFC-P2P) registered with the RBI as NBFCs under the provisions of the RBI Act, 1934; and
- (x) NBFC-Account Aggregator (NBFC-AA) registered with the RBI as NBFCs under the provisions of the RBI Act, 1934;

These Directions shall not be applicable for Non-Operative Financial Holding Company (NOFHC) registered with the RBI under the provisions of the RBI Act, 1934.

### **C. Definitions**

4. In these Directions, unless the context states otherwise, the terms herein shall bear the meanings assigned to them below.
  - (i) 'ANW' means Adjusted Net Worth calculated in terms of the applicable prudential norms on capital adequacy.
  - (ii) 'CRAR' means Capital to Risk Weighted Assets Ratio calculated in terms of the applicable prudential norms on capital adequacy.
  - (iii) 'Dividends' includes any interim dividend.
  - (iv) 'Dividend Payout Ratio' means the ratio between the amount of the dividend payable (including interim dividend) in a year and the net profit during the year as per the audited financial statements for the financial year for which the dividend is proposed.
  - (v) 'Exceptional profits / income' shall have the same meaning as defined under applicable Accounting Standards.
  - (vi) 'Net Non-Performing Asset (NNPA) ratio' means ratio of NNPA to net advances.



5. All other expressions unless defined herein shall have the same meaning as have been assigned to them under the applicable Acts, rules / regulations made thereunder, or any statutory modification or re-enactment thereto or as used in commercial parlance, as the case may be.

## Chapter II - Declaration of dividend

### A. Board oversight

6. The Board of Directors, while considering the proposals for dividend, shall take into account the following aspects:
  - (i) Supervisory findings of the Reserve Bank / National Housing Bank (NHB), as applicable, on divergence in classification and provisioning for NPAs;
  - (ii) Qualifications in the auditors' report to the financial statements; and
  - (iii) Long term growth plans.

7. The Board shall ensure that the total dividend proposed for the financial year does not exceed the ceilings specified in this Master Direction.

### B. Eligibility criteria

8. An NBFC shall comply with the following minimum prudential requirements to be eligible to declare dividend:

**Table 1 : Declaration of dividend : Minimum prudential requirements**

Sr. No.	Parameter	Requirement
(1)	Capital Adequacy	<p>1. An NBFC (other than SPD) should have met the applicable regulatory capital requirement (including CRAR, Tier I capital, Tier II capital, leverage ratio, and ANW, as applicable) for each of the last three financial years including the financial year for which the dividend is proposed.</p> <p><i>Provided that</i> where an NBFC has been in existence for less than three financial years, the above requirement shall be since registration.</p> <p>2. An SPD shall have maintained a minimum CRAR of 20 per cent for the financial year (each of the four quarters) for which dividend is proposed.</p> <p><i>Note:</i></p> <p>NBFC-D, NBFC-ICC, NBFC-Factor, NBFC-IFC, IDF-NBFC, NBFC-MFI shall refer to the <a href="#">Reserve Bank of India (Non-Banking Financial Companies – Prudential Norms on Capital Adequacy) Directions, 2025</a>, for minimum applicable regulatory capital requirements.</p>



**Table 1 : Declaration of dividend : Minimum prudential requirements**

Sr. No.	Parameter	Requirement
		<p>HFC shall refer to the <a href="#">Reserve Bank of India (Housing Finance Companies) Directions, 2025</a>, for minimum applicable regulatory capital requirements.</p> <p>MGC shall refer to the <a href="#">Reserve Bank of India (Mortgage Guarantee Companies) Directions, 2025</a>, for minimum applicable regulatory capital requirements.</p> <p>CIC shall refer to the <a href="#">Reserve Bank of India (Core Investment Companies) Directions, 2025</a>, for minimum applicable regulatory capital requirements.</p> <p>NBFC-P2P shall refer to the <a href="#">Reserve Bank of India (Non-Banking Financial Companies- Peer to Peer Lending Platform) Directions, 2025</a>, for minimum applicable regulatory capital requirements.</p> <p>NBFC-AA shall refer to the <a href="#">Reserve Bank of India (Non-Banking Financial Companies- Account Aggregator) Directions, 2025</a>, for minimum applicable regulatory capital requirements.</p>
(2)	Net NPA	The NNPA ratio shall be less than six per cent in each of the last three years, including as at the close of the financial year for which dividend is proposed to be declared.
(3)	Other criteria	<p>(i) An NBFC shall comply with the provisions of Section 45IC of the Reserve Bank of India Act, 1934.</p> <p><i>Note:</i> In case of HFCs, it shall comply with the provisions of Section 29C of the National Housing Bank Act, 1987.</p> <p>(ii) An NBFC shall be compliant with the prevailing regulations / guidelines issued by the Reserve Bank or NHB (for HFCs), as applicable. The Reserve Bank or NHB (for HFCs) should not have placed any explicit restrictions on declaration of dividend.</p>

### **C. Quantum of dividend payable**

9. An NBFC eligible to declare dividend as per paragraph 8, may pay dividend, subject to the following:



- (i) Proposed dividend shall include dividend on both equity shares and compulsorily convertible preference shares eligible for inclusion in Tier 1 Capital / Owned Fund, as applicable.
- (ii) In case the net profit for the relevant period includes any exceptional and / or extra-ordinary profits / income or the financial statements are qualified (including 'emphasis of matter') by the statutory auditor that indicates an overstatement of net profit, the same shall be reduced from net profit while determining the dividend payout ratio.
- (iii) The ceilings on dividend payout ratios for the NBFC eligible to declare dividend shall be as under:

<b>Table 2 : Ceilings on dividend payout ratio</b>		
<b>Sr. No.</b>	<b>Type of NBFC</b>	<b>Maximum dividend payout ratio (percentage)</b>
(a)	NBFC that does not accept public funds and do not have any customer interface	No ceiling specified
(b)	CIC	60
(c)	SPD	60
(d)	Other NBFC	50

*Note:* There shall no ceiling on dividend payout ratio for NBFC-Base Layer having customer interface but not accepting public funds.

The Board shall ensure that the total dividend proposed for the financial year does not exceed the ceilings specified in these guidelines. The Reserve Bank or NHB will not entertain any request for ad-hoc dispensation on declaration of dividend.

10. The prudential treatment of reversal of excess provision, dividend payment by an NBFC on reversal of such provisions and unrealized profits arising on account of transfer of loans and Security Receipts guaranteed by the Government of India shall be guided by the instructions contained in [Reserve Bank of India \(Non – Banking Financial Companies – Transfer and Distribution of Credit Risk\) Directions, 2025.](#)
11. An NBFC (other than SPD) which does not meet the applicable prudential requirements prescribed in paragraph 8 [Sr. No. (1) and (2) of Table 1] for each



of the last three financial years, may be eligible to declare dividend, subject to a cap of ten per cent on the dividend payout ratio, provided the NBFC complies with the following conditions:

- (i) It meets the applicable capital adequacy requirement (including CRAR, Tier I capital, Tier II capital, leverage ratio, ANW, as applicable) as at the close of the financial year for which it proposes to pay dividend; and
- (i) It has net NPA of less than four per cent as at the close of the financial year.

12. In case of SPDs, which have CRAR below the regulatory minimum of 15 per cent in any of the four quarters of the financial year for which dividend is proposed, they shall not declare any dividend. For SPDs having CRAR at or above the regulatory minimum of 15 per cent during each of the four quarters of the financial year for which dividend is being considered, but lower than 20 per cent in any of those quarters, the dividend payout ratio shall not exceed 33.3 per cent.

#### **D. Reporting System**

- 13. An NBFC (other than SPD) declaring dividend shall report details of dividend declared during the financial year as per the format prescribed in Annex I, within a fortnight after declaration of dividend to the Regional Office of the Department of Supervision of the Reserve Bank, under whose jurisdiction it is registered.
- 14. An HFC shall report details of dividend declared during the financial year as per the format prescribed in Annex I within a fortnight after declaration of dividend to the NHB.
- 15. An SPD shall report details of dividend declared during the financial year as per the format prescribed in Annex II along with a copy of the resolution of the Board recommending the dividend, within a fortnight after declaration of dividend to the Internal Debt Management Department of the Reserve Bank.



## Chapter III - Repeal provisions

### A. Repeal and saving

16. With the issue of these Directions, the existing Directions, instructions, and guidelines relating to Prudential Norms on Declaration of Dividend as applicable to Non-Banking Financial Companies stand repealed, as communicated vide circular [DOR.RRC.REC.302/33-01-010/2025-26 dated November 28, 2025](#). The Directions, instructions and guidelines repealed prior to the issuance of these Directions shall continue to remain repealed.
17. Notwithstanding such repeal, any action taken or purported to have been taken, or initiated under the repealed Directions, instructions, or guidelines shall continue to be governed by the provisions thereof. All approvals or acknowledgments granted under these repealed lists shall be deemed as governed by these Directions. Further, the repeal of these Directions, instructions, or guidelines shall not in any way prejudicially affect:
  - (i) Any right, obligation or liability acquired, accrued, or incurred thereunder;
  - (ii) any, penalty, forfeiture, or punishment incurred in respect of any contravention committed thereunder;
  - (iii) any investigation, legal proceeding, or remedy in respect of any such right, privilege, obligation, liability, penalty, forfeiture, or punishment as aforesaid; and any such investigation, legal proceedings or remedy may be instituted, continued, or enforced and any such penalty, forfeiture or punishment may be imposed as if those Directions, instructions, or guidelines had not been repealed.

### B. Application of other laws not barred

18. The provisions of these Directions shall be in addition to, and not in derogation of the provisions of any other laws, rules, regulations or Directions, for the time being in force.



### **C. Interpretations**

19. For the purpose of giving effect to the provisions of these Directions or in order to remove any difficulties in the application or interpretation of the provisions of these Directions, the Reserve Bank may, if it considers necessary, issue necessary clarifications in respect of any matter covered herein and the interpretation of any provision of these Directions given by the Reserve Bank shall be final and binding.

(Sunil T S Nair)

Chief General Manager



## Annex I - Reporting format for an NBFC declaring dividend

Details of dividend declared during the financial year beginning on April 1, 20\_\_\_\_

Name of the NBFC: \_\_\_\_\_

Accounting period*	Net profit for the accounting period (in ₹ crore)	Rate of Dividend (in %)	Amount of dividend (in ₹ crore)	Dividend payout Ratio (in %)
1	2	3	4	5

\* Quarter or half year or year ended as the case may be.



## Annex II - Reporting format for an SPD declaring dividend

Details of dividend declared during the financial year beginning on April 1, 20\_\_\_\_

Name of the Primary Dealer: \_\_\_\_\_

Accounting period*	Net profit for the accounting period (cumulative)	Rate of Dividend (cumulative)	Amount of dividend (excluding dividend tax) (cumulative)	Dividend payout Ratio cumulative
	(in ₹ crore)	(in %)	(in ₹ crore)	(in %)
1	2	3	4	5

\* Quarter or half year or year ended as the case may be.

**Note:** While submitting the statement for the final dividend declared, details of the interim dividends declared, if any, shall also be included in the statement.

I / We confirm that the guidelines issued by the Bank for declaration of dividend have been complied with while declaring the abovementioned dividend.

Authorised Signatories

Name:

Designation:

Date: