Reserve Bank Of India (Non-Banking Financial Companies – Statutory Audit) Directions, 2026

These directions consolidate the regulatory framework governing the appointment, independence, eligibility, tenure and oversight of statutory auditors of NBFCs, including Housing Finance Companies.

The Directions replace the earlier statutory-audit instructions applicable to NBFCs, principally the RBI Guidelines dated April 27, 2021 on the appointment of Statutory Central Auditors and Statutory Auditors. The core regulatory architecture remains substantially unchanged; however, the 2026 Directions provide an NBFC-specific, self-contained framework and introduce certain clarifications and enhanced governance expectations. These directions are effective from July 31, 2026.

The Directions apply to all NBFCs, including HFCs, for the appointment and reappointment of Statutory Central Auditors (SCAs) / Statutory Auditors (SAs). However, non-deposit taking NBFCs with an asset size below ₹1,000 crore may continue with their existing appointment process.

The restructuring reinforces RBI's expectation that auditor appointment is a governance responsibility and not merely a finance or secretarial compliance exercise. The Directions replace the earlier framework governing statutory auditors of NBFCs and introduce a comprehensive governance framework covering auditor appointment, independence, eligibility, tenure, rotation, audit quality and regulatory oversight. The revised norms are aimed at enhancing audit quality, strengthening corporate governance, improving financial reporting, and reinforcing confidence in the NBFC sector through greater auditor accountability and transparency.

Similar amendments are introduced for Commercial Banks, Small Finance Banks, Payment Banks, Urban Co-operative Banks, Local Area Banks, Regional Rural Banks and Rural Co-operative Banks.

Kindly refer to the RBI Notification – Reserve Bank of India *(Non-Banking Financial Companies – Statutory Audit) Directions, 2026 (RBI/DoS/2026-27/465 dated July 31, 2026) for further details.*