

**भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA**वेबसाइट : www.rbi.org.in/hindiWebsite : www.rbi.org.inई-मेल/email : helpdoc@rbi.org.in

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RBI imposes monetary penalty on Kosamattam Finance Limited

The Reserve Bank of India (RBI) has, by an order dated October 25, 2023, imposed a monetary penalty of ₹13.38 lakh (Rupees Thirteen lakh and thirty eight thousand only) on Kosamattam Finance Limited, Kottayam (the company) for non-compliance with certain provisions of the [“Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company \(Reserve Bank\) Directions, 2016”](#). This penalty has been imposed in exercise of powers conferred on RBI under the provisions of Section 25(1)(iii) read with Section 23(4) of the Credit Information Companies (Regulation) Act, 2005 (CIC (R) Act) and Section 58G (1)(b) read with Section 58B(5)(aa) of the Reserve Bank of India Act, 1934 (RBI Act).

This action is based on the deficiencies in regulatory compliance and is not intended to pronounce upon the validity of any transaction or agreement entered into by the company with its customers.

Background

The statutory inspection of the company was conducted by RBI with reference to its financial position as on March 31, 2022 and examination of the Risk Assessment Report, Inspection Report, supervisory letter and all related correspondence pertaining to the same revealed, *inter alia*, that the company (i) did not submit credit information pertaining to gold loan accounts to Credit Information Companies and (ii) did not maintain LTV ratio of 75% in certain loan accounts, during the FY 2021-22. Consequently, a notice was issued to the company advising it to show cause as to why penalty should not be imposed on it for failure to comply with the RBI directions, as stated therein.

After considering the company's reply to the notice, examination of additional submissions made by it and oral submissions made during the personal hearing, RBI came to the conclusion that the charge of non-compliance with the aforesaid RBI directions was substantiated and warranted imposition of monetary penalty.