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RESERVE BANK OF INDIA

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November 24, 2021

## **RBI imposes monetary penalty on Mulamoottil Financiers Limited, Kozhencherry, Pathanamthitta District, Kerala**

The Reserve Bank of India (RBI) has, by an order dated November 24, 2021, imposed a monetary penalty of ₹20 lakh (Rupees twenty lakh only) on Mulamoottil Financiers Limited, Kozhencherry, Pathanamthitta District, Kerala (the company) for non-adherence with certain provisions of the directions issued by the RBI on classification of Non-performing Assets contained in "[Master Direction - Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company \(Reserve Bank\) Directions, 2016](#)" and RBI Directions on Raising Money through Private Placement by NBFCs-Debentures. This penalty has been imposed in exercise of powers vested in RBI under section 45 J A and the provisions of clause (b) of sub-section (1) of section 58 G read with clause (aa) of sub-section (5) of section 58 B of the Reserve Bank of India Act, 1934, taking into account the failure of the company to adhere to the aforesaid directions issued by RBI.

This action is based on 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 Mulamoottil Financiers Limited with reference to its financial positions as on March 31, 2018 and scrutiny conducted in February 2018, revealed, inter alia, non-compliance with above mentioned directions issued by RBI. In furtherance to the same, a notice was issued to the company advising it to show cause as to why penalty should not be imposed for failure to comply with the directions issued by RBI. After considering the company's reply to the notice, oral submissions made during the personal hearing and examination of additional submissions made by it, RBI came to the conclusion that the charge of non-compliance with aforesaid RBI directions was substantiated and warranted imposition of monetary penalty.