



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

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संचार विभाग, केंद्रीय कार्यालय, एस.बी.एस.मार्ग, मुंबई-400001

DEPARTMENT OF COMMUNICATION, Central Office, S.B.S.Marg, Mumbai-400001

फोन/Phone: 91 22 2266 0502 फैक्स/Fax: 91 22 22660358

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## **RBI imposes Monetary Penalty on M/s Muthoottu Mini Financiers Pvt Ltd.**

The Reserve Bank of India (RBI) has imposed a monetary penalty of ₹ 5 lakh on M/s Muthoottu Mini Financiers Pvt Ltd. (the company) under section 58G(1)(b) read with sub-section 5(aa) of section 58B of the RBI Act, 1934 for violation of various directions/orders issued by Reserve Bank of India from time to time.

### **Background**

An inspection of the company under section 45N of Reserve Bank of India Act, 1934 (the RBI Act, 1934) with reference to its financial position as on March 31, 2013 was conducted during December, 2013. It was observed that several regulatory violations were committed by the company relating to the guidelines on Loan to Value (LTV) ratio pertaining to gold loans, issuance and renewal of Non-Convertible Debentures (NCDs), loans against NCDs, adherence to Fair Practices Code (FPC), disclosures in the balance sheet etc. On account of various contraventions to RBI Directions as pointed out in the inspection, the company was issued a Show Cause Notice (SCN) on July 25, 2014 for imposition of penalty. The company's response to the SCN was not found to be satisfactory. The company was further accorded a personal hearing by RBI under section 58G (2) of the RBI Act, 1934. After considering the facts of the case and the company's reply, as also, personal submissions made during the hearing, RBI came to the conclusion that the violations as observed during inspection were of serious nature and were substantiated which warranted imposition of monetary penalty on the company. Accordingly, a penalty of ₹5 lakh has been imposed on the company.

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**Ajit Prasad**  
Assistant General Manager