

**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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May 22, 2023

**RBI imposes monetary penalty on Rain Bow Finance India Ltd.,
Chennai, Tamil Nadu**

The Reserve Bank of India (RBI) has imposed, by an order dated May 19, 2023, a monetary penalty of ₹4.00 lakh (Rupees Four lakh only) on Rain Bow Finance India Ltd., Chennai, Tamil Nadu (the company) for non-compliance with directions issued by RBI vide [Master Direction - Non-Banking Financial Company - Non-Systemically Important Non-Deposit taking Company \(Reserve Bank\) Directions, 2016 dated September 01, 2016](#) related to Standard Asset Provisioning and Leverage Ratio. This penalty has been imposed in exercise of powers conferred under clause (b) of sub-section (1) of section 58G read with clause (aa) of sub-section (5) of section 58B 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

Examination of the company's profile in Ministry of Corporate Affairs website, NBS returns to RBI and Statutory Auditor's Certificate, revealed, inter alia, that the company had not created contingent provision against standard assets and had a high leverage ratio. Based on the same, a Notice was issued to the company advising it to show cause as to why penalty should not be imposed for non-compliance with the aforesaid directions.

After considering the company's reply and oral submissions during the personal hearing, RBI came to the conclusion that the aforesaid charges of non-compliance with RBI directions were substantiated and it warranted imposition of monetary penalty.