



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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September 24, 2020

Reserve Bank of India imposes monetary penalty on Shriram City Union Finance Limited

The Reserve Bank of India (RBI) has imposed, by an order dated September 23, 2020, a monetary penalty of ₹5 lakh (Rupees Five Lakh only) on Shriram City Union Finance Limited, Chennai (the company), for non-compliance with directions issued by RBI on verification of the ownership of gold jewellery contained in Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and on reporting of frauds contained in Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016. This penalty has been imposed in exercise of powers vested in RBI under the provisions of clause (b) of sub-section (1) of section 58 G 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

The statutory inspection of Shriram City Union Finance Limited with reference to its financial position as on March 31, 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, RBI concluded that the aforesaid charges of non-compliance with RBI directions warranted imposition of monetary penalty.

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(Yogesh Dayal)
Chief General Manager