



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

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March 13, 2024

**RBI imposes monetary penalty on Indostar Capital Finance Limited,  
Mumbai, Maharashtra**

The Reserve Bank of India (RBI) has, by an order dated February 21, 2024, imposed a monetary penalty of ₹13.60 lakh (Rupees Thirteen lakh sixty thousand only) on Indostar Capital Finance Limited (the company) for non-compliance with the '[Monitoring of Frauds in NBFCs \(Reserve Bank\) Directions, 2016](#)' and with certain provisions of the '[Reserve Bank of India \(Know Your Customer \(KYC\)\) Directions, 2016](#)'. This penalty has been imposed in exercise of powers conferred on RBI under the provisions of 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.

The statutory inspection of the company was conducted by RBI with reference to its financial position as on March 31, 2022. Based on supervisory findings of non-compliance with regulatory instructions and related correspondence in that regard, a notice was issued to the company advising it to show cause as to why penalty should not be imposed on it for its failure to comply with the instructions. 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 found *inter alia* that the following charges against the company were sustained warranting imposition of monetary penalty: the company i) did not put to use a robust software to give alerts for effective identification and reporting of suspicious transactions; ii) did not carry out periodic updation of KYC of its high risk customers, which were due for updation, as part of on-going due diligence of its customers; and iii) had delayed reporting of certain frauds above ₹1 lakh to 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. Further, imposition of this monetary penalty is without prejudice to any other action that may be initiated by RBI against the company.