



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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March 28, 2025

RBI imposes monetary penalty on Mahindra Rural Housing Finance Limited

The Reserve Bank of India (RBI) has, by an order dated March 26, 2025, imposed a monetary penalty of ₹3.20 lakh (Rupees Three Lakh Twenty Thousand only) on Mahindra Rural Housing Finance Limited (the company) for non-compliance with certain provisions of the ['Reserve Bank of India \(Know Your Customer \(KYC\)\) Directions, 2016'](#) and ['Non-Banking Financial Company - Housing Finance Company \(Reserve Bank\) Directions, 2021'](#) issued by RBI. This penalty has been imposed in exercise of powers conferred on RBI under the provisions of Section 52A of the National Housing Bank Act, 1987.

The statutory inspection of the company was conducted by the National Housing Bank with reference to its financial position as on March 31, 2023. Based on the supervisory findings of non-compliance with RBI directions 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 said directions.

After considering the company's reply to the notice and oral submissions made during the personal hearing, RBI found, inter alia, that the following charges against the company were sustained, warranting imposition of monetary penalty:

- i) The company failed to carry out periodic review of risk categorisation, with such periodicity being at least once in six months, during FY 2022-23.
- ii) The company failed to take prior written permission of the RBI before appointing a director, resulting in change in management, on account of change of more than 30 per cent of its directors (excluding independent directors).

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.