



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

वेबसाइट : www.rbi.org.in/hindi

Website : www.rbi.org.in

ई-मेल/email : helpdoc@rbi.org.in



संचार विभाग, केंद्रीय कार्यालय, शहीद भगत सिंह मार्ग, फोर्ट, मुंबई-400001

Department of Communication, Central Office, Shahid Bhagat Singh Marg, Fort, Mumbai-400001 फोन/Phone: 022- 22660502

May 22, 2023

RBI imposes monetary penalty on M/s Srestha Finvest Limited, Chennai, Tamil Nadu

The Reserve Bank of India (RBI) has imposed, by an order dated May 18, 2023, a monetary penalty of ₹2.00 lakh (Rupees Two lakh only) on M/s Srestha Finvest Limited, Chennai, Tamil Nadu (the company) for non-compliance with directions issued by RBI with respect to requirement of obtaining prior approval from RBI in cases of acquisition/transfer of control of Non-Banking Financial Companies (NBFCs) as applicable to Non-Banking Financial Company - Non-Systemically Important Non-Deposit taking Company. 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

The examination of the company's letter dated March 24, 2022 intimating appointment of Directors, revealed, inter alia, that the company had not obtained prior approval of RBI for appointment of directors, which resulted in change in the management of the NBFC by more than 30 per cent of the directors, excluding independent directors. 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 charge of non-compliance with RBI directions was substantiated and it warranted imposition of monetary penalty.