



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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December 14, 2017

**RBI imposes Monetary Penalty on
M/s Radhakrishna Finance Pvt. Ltd.**

The Reserve Bank of India (RBI) has imposed a monetary penalty of ₹1 lakh on M/s Radhakrishna Finance Pvt. Ltd. (the company) under Section 58G(1)(b) read with Sub-section 5(aa) of section 58B of the RBI Act, 1934 for violation of various directions/orders issued by Reserve Bank of India from time to time.

Background

A scrutiny of the company under section 45N of Reserve Bank of India Act, 1934 (the RBI Act, 1934) with reference to its financial position as on March 31, 2016 was conducted on February 16, 2017. During the course of scrutiny, it was observed that directions on subordinated debt have been violated by company in process of redemption of Subordinated debt, without obtaining the consent of the Bank, which is in violation of para 2(1) (xxvi) of the instructions contained in the [circular DNBR. \(PD\).CC.No.044/03.10.119/2015-16 dated July 01, 2015](#) and item (xvii) of para 3 in Chapter II of [Master Directions on Acceptance of PD Directions 2016 dated August 25, 2016](#), issued by the Bank. The company was issued a Show Cause Notice (SCN) on June 7, 2017, for imposition of penalty. The company's response to the SCN was not found to be satisfactory. The company was further accorded a personal hearing by RBI under section 58G (2) of the RBI Act, 1934. After considering the facts of the case and the company's reply, as also, personal submissions made during the hearing, RBI came to the conclusion that the violations as mentioned above were substantiated which warranted imposition of monetary penalty on the company. Accordingly, a penalty of ₹ 1 lakh has been imposed on the company.

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