प्रेस प्रकाशनी PRESS RELEASE

भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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March 06, 2025

RBI imposes monetary penalty on Vanchinad Finance Pvt. Ltd., Ernakulam, Kerala

The Reserve Bank of India (RBI) has, by an order dated March 03, 2025, imposed a monetary penalty of ₹1.00 lakh (Rupees One Lakh only) on Vanchinad Finance Pvt. Ltd., Ernakulam, Kerala (the company) for non-compliance with certain provisions of 'Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016' read with 'Master Direction - Reserve Bank of India (Non-Banking Financial Company-Scale Based Regulation) Directions, 2023' issued by RBI. This penalty has been imposed in exercise of powers conferred on RBI under the provisions of Section 58G(1)(b) read with Section 58B(5)(aa) of the Reserve Bank of India Act, 1934.

The correspondence pertaining to the intimation of declaration of an interim dividend to parent company revealed, *inter alia,* non-compliance with RBI directions. Based on the same, 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 charge against the company was sustained, warranting imposition of monetary penalty:

The company had declared dividend in excess of the prescribed dividend payout ratio.

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.

Press Release: 2024-2025/2319

(Puneet Pancholy)
Chief General Manager