

ICFL/LS/0247/2023-24

14 March 2024

**BSE Limited**

Listing Department, 1<sup>st</sup> Floor,  
P J Towers, Dalal Street, Fort,  
Mumbai - 400 001.

**National Stock Exchange of India Limited**

Exchange Plaza, C-1, Block G,  
Bandra Kurla Complex, Bandra,  
(E), Mumbai – 400 051.

**Scrip Code:** 541336

**Symbol:** INDOSTAR

**Sub:** Intimation under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (“**Listing Regulations**”)

Dear Sir/Madam,

Pursuant to Regulation 30 of the Listing Regulations read with Clause 20 of Para A of Part A to Schedule III of the Listing Regulations, we would like to inform you that the Reserve Bank of India (“**RBI**”) vide its order and press release received by the Company on March 13, 2024, has imposed a monetary penalty on the Company on account of certain non-compliances observed by the RBI in its statutory inspection of the Company with reference to the Company’s financial position as on March 31, 2022.

The requisite disclosures as required under the Listing Regulations read with SEBI circular no. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 dated July 13, 2023 is attached herewith as **Annexure I**. Further, a copy of the press release issued by the RBI on March 13, 2024 is attached herewith as **Annexure II**.

The RBI press release also observes that 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.

The Company would like to re-iterate that the Company has taken necessary remedial measures and has put in place necessary processes and controls to strengthen its compliance framework.

Thanking you,

For **IndoStar Capital Finance Limited**

**Shikha Jain**

Company Secretary and Compliance Officer  
(Membership No.: A59686)

**IndoStar Capital Finance Limited**

Registered Office: Silver Utopia, Third Floor, Unit No 301-A, Opposite P & G Plaza, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai - 400099, India. | T +91 22 4315 7000 | [contact@indostarcapital.com](mailto:contact@indostarcapital.com) | [www.indostarcapital.com](http://www.indostarcapital.com)

CIN: L65100MH2009PLC268160

<b>Name of the authority</b>	Reserve Bank of India (RBI)
<b>Nature and details of the action(s) taken, initiated or order(s) passed.</b>	RBI imposed an aggregate monetary penalty of INR 13.60 lakhs on the Company.
<b>Date of receipt of direction or order, including any ad-interim or interim orders, or any other communication from the authority</b>	March 13, 2024
<b>Details of the violation(s)/contravention(s) committed or alleged to be committed</b>	<p><b>1. Delay in reporting of frauds:</b></p> <p>Non-compliance with the RBI's direction on "Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016", when the Company did not report four frauds each above INR 1 lakh (involving an aggregate amount of INR 4.09 crore), to the RBI within three weeks of their detection between March 31, 2018 and June 20, 2021, in FMR - 1 and the Company reported the same between July 08, 2021 and September 02, 2021, with delay ranging from 53 to 1174 days.</p> <p><b>2. Failure to put into use robust software for effective identification and reporting of suspicious transactions:</b></p> <p>The Company did not put to use a robust software to give alerts for effective identification and reporting of suspicious transactions as required by the Reserve Bank of India (Know Your Customer (KYC)) Directions, 2016.</p> <p><b>3. Failure to undertake periodic updation of KYC of high risk customers:</b></p> <p>The Company 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, as required by the Reserve Bank of India (Know Your Customer (KYC)) Directions, 2016.</p>
<b>Impact on financial, operation or other activities of the listed entity, quantifiable in monetary terms to the extent possible</b>	Other than the monetary penalty of INR 13.60 lakhs, no impact on the Company.

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प्रेस प्रकाशनी PRESS RELEASE

**भारतीय रिज़र्व बैंक**  
**RESERVE BANK OF INDIA**वेबसाइट : [www.rbi.org.in/hindi](http://www.rbi.org.in/hindi)Website : [www.rbi.org.in](http://www.rbi.org.in)ई-मेल/email : [helpdoc@rbi.org.in](mailto: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

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.

Press Release: 2023-2024/2047

**(Yogesh Dayal)**  
Chief General Manager