

October 20, 2023

National Stock Exchange of India Limited

Exchange Plaza
Plot No. C/1, G Block,
Bandra – Kurla Complex, Bandra (East),
Mumbai – 400051

BSE Limited

Corporate Relations Department,
1st Floor, New Trading Ring,
P.J. Towers, Dalal Street,
Mumbai – 400001

Symbol : L&TFH

Security Code No.: 533519

Kind Attn: Head – Listing Department / Dept of Corporate Communications

Sub: Disclosure of events under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”)

Dear Sir/Ma’am,

Pursuant to Regulation 30 read with Para A of Part A of Schedule III of the Listing Regulations and other applicable regulations, if any, it is hereby informed that the Reserve Bank of India (“RBI”) by an order dated October 17, 2023, has imposed a monetary penalty of Rs. 2.50 crores on L&T Finance Limited, a material wholly-owned subsidiary of the Company (“LTF”) for non-compliance with certain provisions of the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. The said order was received by LTF on October 20, 2023.

The order states that this action is based on the deficiencies in regulatory compliance and is not intended to pronounce upon the validity of any transaction or agreement entered into by LTF with its customers.

The aforesaid order is with respect to the deficiencies observed in regulatory compliance as part of the statutory inspection by RBI for the years ended as on March 31, 2021 and March 31, 2022. LTF has already taken corrective actions and strengthened various processes and controls in relation to the deficiencies observed.

The requisite details as required in accordance with the Listing Regulations and SEBI circular no. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 dated July 13, 2023, are included in the enclosed Annexure A. Further, a copy of the press release issued by RBI is enclosed as Annexure B.

We request you to take the aforesaid on records.

Thanking you.

Yours faithfully,

For **L&T Finance Holdings Limited**

Apurva Rathod
Company Secretary and Compliance Officer

Encl: as above

L&T Finance Holdings Limited

Registered Office

Brindavan, Plot No. 177, C.S.T Road
Kalina, Santacruz (East)
Mumbai 400 098, Maharashtra, India
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Annexure A

Details in accordance with requirements under SEBI circular dated July 13, 2023

Sr. No.	Details of events that needs to be provided	Information of such event(s)
a.	Name of the authority	Adjudication Committee, Reserve Bank of India ("RBI")
b.	Nature and details of the action(s) taken initiated, or order(s) passed	Imposition of a monetary penalty of Rs. 2.50 crores on L&T Finance Limited ("LTF"), a material wholly-owned subsidiary of the Company for non-compliance with certain provisions of the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.
c.	Date of receipt of direction or order, including any ad-interim or interim orders, or any other communication from the authority	Order of the Adjudication Committee, RBI dated October 17, 2023 was received by LTF on October 20, 2023.
d.	Details of the violation(s)/contravention(s) committed or alleged to be committed	<ul style="list-style-type: none"> i. non-disclosure to LTF's retail borrowers, the gradation of risk and rationale for charging different interest rates to different categories of borrowers in the loan application form/sanction letter; ii. failure to notify the change in penal interest rate to LTF's borrowers, when it charged penal interest rate, higher than what was communicated at the time of sanction; and iii. failure to give notice of change in terms and conditions of loan to LTF's borrowers, when it charged annualised rate of interest, higher than what was communicated at the time of sanction.
e.	Impact on financial, operation or other activities of the company, quantifiable in monetary terms to the extent possible	There is no material impact on financial, operation or other activities of the Company.

प्रेस प्रकाशनी PRESS RELEASE



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

October 20, 2023

RBI imposes monetary penalty on L&T Finance Limited, Mumbai, Maharashtra

The Reserve Bank of India (RBI) has, by an order dated October 17, 2023, imposed a monetary penalty of ₹2.50 crore (Rupees Two crore Fifty lakh only) on L&T Finance Limited (the company) for non-compliance with certain provisions of the [Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company \(Reserve Bank\) 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.

This action is based on the 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 statutory inspection of the company was conducted by RBI with reference to its financial position as on March 31, 2021 and March 31, 2022 and examination of the Risk Assessment Reports, Inspection Reports, Supervisory Letters and all related correspondence pertaining to the same revealed, *inter alia*, that the company (i) did not disclose to its retail borrowers, the gradation of risk and rationale for charging different interest rates to different categories of borrowers in the loan application form/sanction letter, (ii) failed to notify the change in penal interest rate to its borrowers, when it charged penal interest rate, higher than what was communicated at the time of sanction and (iii) failed to give notice of change in terms and conditions of loan to its borrowers, when it charged annualised rate of interest, higher than what was communicated at the time of sanction. Consequently, a notice was issued to the company advising it to show cause as to why penalty should not be imposed on it for failure to comply with the RBI directions, as stated therein.

After considering the company's reply to the notice, additional submissions made by it and oral submissions made during the personal hearing, RBI came to the conclusion that the charge of non-compliance with the aforesaid RBI directions was substantiated and warranted imposition of monetary penalty, to the extent of such non-compliance with such directions.