

**भारतीय रिज़र्व बैंक**
RESERVE BANK OF INDIAवेबसाइट : www.rbi.org.in/hindiWebsite : www.rbi.org.inई-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.