L&T Finance Limited
October 21, 2022

Credit Update

L&T Finance Limited (LTFL) (CARE AAA/PP-MLD AAA/AA+; Stable /A1+) has informed CARE and the stock exchange that the principal repayment on non-convertible debt security (INE691I07240) was credited to the bondholders account on October 19, 2022, instead of the due date of October 18, 2022. The principal instalment due on October 18, 2022, was for Rs.71.45 crore. The payment was made to the investor on the next day i.e., October 19, 2022, along with applicable additional interest, in sync with the Offer Document.

It was intimated to CARE that the delay was on account of some system migration issues due to operational error. The system issue has been resolved to ensure that future payments are not affected. Further, all requirements with respect to the normal interest payable on the debentures have been complied with. Appropriate disclosures have been made through stock exchange filings as well. The management has informed CARE that the necessary measures are being taken to strengthen internal processes so that such operational errors do not occur again. The liquidity profile of the company continues to remain comfortable. On October 18, 2022, the company had an on-book liquidity of ~Rs.4,500 crore and unutilized credit lines of ~12,600 crore.

CARE believes that the delay was a one-off event on account of an operational issue related to some system migration issues and this instance in no way reflects any financial or liquidity stress or inability or unwillingness in servicing the debt and / or interest by LTFL. In CARE's opinion, this event is not reflective of the credit quality of LTFL, and therefore does not warrant any rating review and hence default is not recognized for the various debt instruments of LTFL in line with the CARE's policy on default recognition.

Please refer to the following link for the previous press release that captures key rating factors and rating sensitivities: Click here

Applicable criteria
Policy on default recognition

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