

L&T Finance Ltd. marks its entry into gold loan business

Announces proposed acquisition of gold loan business undertaking of Paul Merchants Finance Pvt. Ltd., a wholly owned subsidiary of Paul Merchants Ltd.

- The gold loan business will be an excellent strategic addition to the Company's portfolio of secured retail products
- The proposed acquisition provides access to high quality customer franchise of over 98,000 customers, 700 employees, and 130 branches spread across 11 states
- The business transfer is expected to close by the second quarter of the financial year 2025-26

Mumbai, February 07, 2025: L&T Finance Limited (LTF), a leading Non-Banking Financial Company (NBFC), has announced its entry into the gold loan business through the proposed acquisition of Paul Merchants Finance Pvt. Ltd.'s (PMFL) gold loan business undertaking. The gold loan franchise will be an addition to LTF's portfolio of secured loan products.

The proposed acquisition includes a fully operational network and security center for 24/7 remote monitoring of all gold loan branches, strategically located in less penetrated markets like Chandigarh, Punjab, Haryana, Delhi, Rajasthan, Gujarat, Madhya Pradesh, and Uttarakhand. It also brings approximately 700 employees and 130 branches.

This is an all-cash deal with a lumpsum consideration of Rs. 537 crore along with certain adjustments to be done till closing, on a slump sale basis. The agreement is subject to necessary approvals and the fulfilment of all conditions precedent to closing. The business transfer is expected to close by the second quarter of the financial year 2025-26.

Speaking on this occasion, **Mr. Sudipta Roy, Managing Director & CEO of LTF** said, "We are committed to delivering sustainable growth and attractive returns, and this proposed acquisition is a significant step in that direction. The gold loan business undertaking will fill the gap of a secured high yield product in our portfolio in both rural and urban. This aligns with our Lakshya 2026 strategy, which focuses on growing our customer base. It accelerates our gold loan business time-to-scale by 36 months, providing approximately Rs.1,000 crore in assets under management and over 98,000 active customers in an easily integrable business profile."

Mr. Roy added, "Also, gold loan business undertaking complements our existing portfolio and allows us to capitalize on the significant overlap with our current customer base of Rural Group Loan and Micro Finance operations. We are confident that this will be a key driver of future profitability. It also supports our long-term strategy without any dilution in Earnings Per Share."

PMFL's Chairman and Managing Director, Mr. Sat Paul Bansal, speaking about the transaction said, "Over the past three to four years, our gold loan business undertaking has experienced remarkable growth, achieving a CAGR of over 35%. As we reached a critical scale, it became evident that sustaining this momentum required the backing of a larger balance sheet. In this regard, I am proud that our gold loan business undertaking will move to LTF, which I firmly believe is the right strategic partner and I have full confidence that LTF team will not only nurture this undertaking but also integrate and scale it as a significant part of their broader operations. I look forward to witnessing its continued growth under LTF's dynamic stewardship."

Mr. Bansal also said, “I sincerely appreciate the efforts of PMFL team, LTF team and PwC Corporate Finance team (acted as an exclusive financial advisor) in working towards the successful finalization of this transaction.”

About L&T Finance Ltd. (LTF):

L&T Finance Ltd. (LTF) (<https://www.ltf.com>), formerly known as L&T Finance Holdings Ltd., is a leading Non-Banking Financial Company (NBFC), offering a range of financial products and services. Headquartered in Mumbai, the Company has been rated ‘AAA’ — the highest credit rating for NBFCs — by four leading rating agencies. It has also received leadership scores and ratings by global and national Environmental, Social, and Governance (ESG) rating providers for its sustainability performance. The Company has been certified as a Great Place To Work® and has also won many prestigious awards for its flagship CSR project – “Digital Sakhi”- which focuses on women empowerment and digital and financial inclusion. Under Right to Win, being in the ‘right businesses’ has helped the Company become one of the leading financiers in key Retail products. The Company is focused on creating a top-class, digitally enabled, Retail finance company as part of the Lakshya 2026 plan. The goal is to move the emphasis from product focus to customer focus and establish a robust Retail portfolio with quality assets, thus creating a Fintech@Scale while keeping ESG at the core. Fintech@Scale is one of the pillars of the Company’s strategic roadmap - Lakshya 2026. The Company has approximately 2.5 Crore customer database, which is being leveraged to cross-sell, up-sell, and identify new customers.

