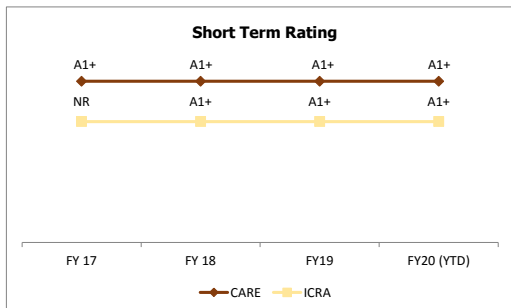
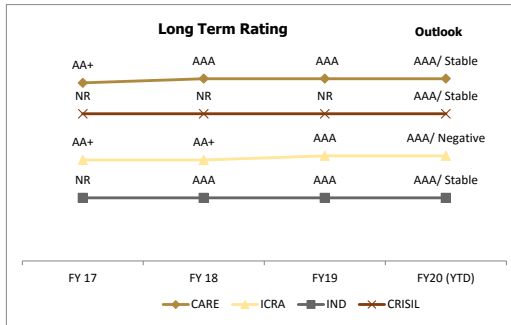


Shareholding pattern as on June 30, 2019

L&T Finance Holdings Limited	100%
<i>Total</i>	100%

Credit Rating History



Financial Performance

Particulars	FY 19	FY 18	% chg
Net Interest Income	36.84	24.62	50%
Total Income	73.83	50.71	46%
EBIDTA	53.44	33.61	59%
PAT	8.46	1.17	623%
Networth	89.51	82.87	7%
Total Debt	463.7	354.7	31%
Debt/Equity (x)	5.21	4.28	
Cost to income	73%	83%	
ROA (%)	1.17	0.29	
RONW (%)	9.84	1.56	
CAR (%)	16.98	17.92	
GNPA (%)	3.55	6.07	

Source: Ace Equity;
As per INDAS wherever applicable

Products

Products offered by L&T Finance Limited
Two Wheeler Finance
Farm Equipment Finance
Real Estate Finance
Micro Loans
Infrastructure Finance

Credit Drivers:

- Strong parentage and experienced management:** L&T Finance Limited (LTFL) is a 100% subsidiary of L&T Finance Holdings Limited (LTFHL). LTFHL is in the financial service space and group's flagship holding co which is part of the large L&T Group.
- Improvement in the financial and business profile:** On a standalone basis, during FY19, total income of LTFL increased substantially by 46% to Rs.73.83 bn from Rs.50.71 bn in FY18 due to the growth in the rural book which comprises of high yielding assets.
- Adequate capitalization and strong resource raising position:** The capital adequacy ratio of LTFL stands at 16.98% and Tier I capital ratio stands at 15.22% as on Mar 19 which is well above regulatory requirement. Adequate capitalisation is supported by timely capital infusion by parent.
- Improving Asset Quality:** The Gross Stage 3 and Net Stage 3 ratio was 3.6% (Jun 19- 4.36%) and 1.2% (Jun 19- 1.71%) respectively as on Mar 31, 2019. The GNPA and NNPA ratio was 3.6% (Mar-18- GNPA 6.07%) and 1.2% (Mar-18- NNPA 2.81%) respectively as on Mar 31, 2019.
- Moderate gearing levels:** The gearing of LTFL as on March 31, 2019, was moderate at 5.2 times although increased compared with 4.3 times as on March 31, 2018. The gearing stands at 5.4 times as on June 30, 2019.
- Well diversified product mix with portfolio growth:** LTFL's portfolio stood at Rs. 489.47 bn as on Mar 31, 2019 (Rs. 401.87 bn as on March 31, 2018) comprising of 53% loans to retail segment and 47% to wholesale segment. Further as on June 30, 2019, LTFL's portfolio stood at Rs. 498.20 bn.
- Strong liquidity position:** LTFL has a fairly-diversified funding mix with 52% of the funding as on March 31, 2019 raised from the capital markets (NCDs, subordinated debt, perpetual debt and commercial papers) with balance being bank borrowings and others (incl. ICDs).

About the Company:

L&T Finance Limited (LTFL) was originally incorporated as Apeejay Finance Group Ltd in 1993. In December 2012, L&T Finance Holdings Limited (LTFHL) acquired 100% equity in the entity, Family Credit Limited. In FY2017, as a part of LTFHL's business restructuring, L&T Finance Limited and L&T FinCorp Limited (both entities now dissolved) were merged with Family Credit Limited and the combined entity was rechristened L&T Finance Limited.

About the Group:

L&T Finance Holdings Limited (LTFHL) was originally incorporated as L&T Capital Holdings Ltd in May 2008 and its name was subsequently changed in September 2010. It is promoted by Larsen & Toubro Limited (L&T) as the holding company of L&T Group's financial services companies. LTFHL has three wholly-owned subsidiaries, namely, L&T Infrastructure Finance Company Limited, L&T Finance Limited and L&T Housing Finance Limited, which undertake the Group's lending operations. L&T Infra Debt Fund, an NBFC-IDF, was incorporated in 2013, with LTFHL and its subsidiaries together holding a 100% stake in the company.

Industry Outlook:

Growth in NBFC sector is expected to be impacted in FY20 given the liquidity situation, which is expected to continue in second half of FY20. NBFCs are expected to witness slowdown in FY20 with a continued competition, especially from private banks & potentially from large PSU banks. Retail segment, of which vehicle finance is the largest, will fare relatively better. From an asset quality perspective as well, while overall, the quality of retail assets is expected to remain steady, segments such as SME lending, especially loan against property (LAP), and construction/infrastructure finance could witness some pressure. Further, the wholesale book typically has significant concentration risks, which could result in chunky NPAs. NBFCs are expected to reorient their funding mix given the current environment. Securitisation has proved to be the preferred source of financing; NBFCs have also been tapping alternate sources such as public issuances of NCDs and ECBs.

Key Credit Drivers:

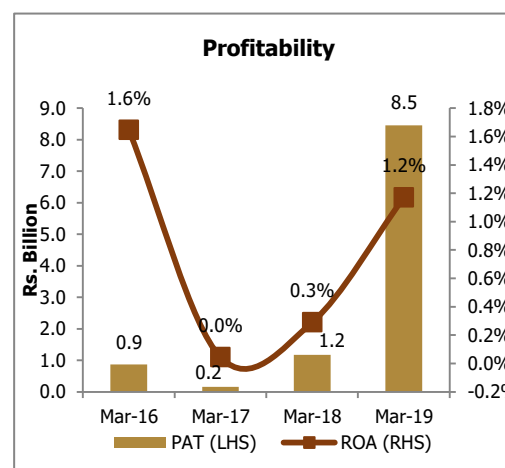
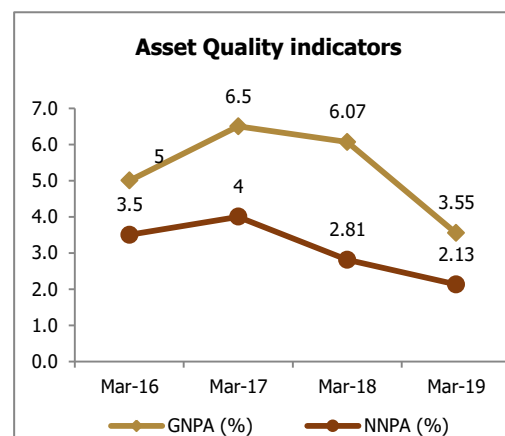
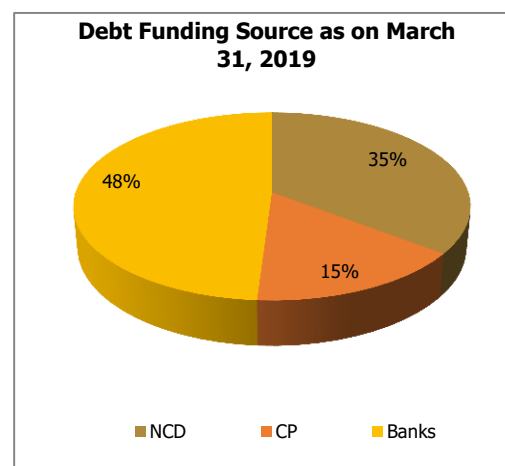
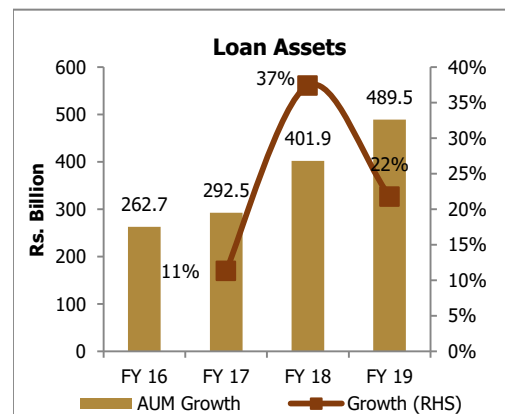
Strong parentage and experienced management: L&T group is a major technology, engineering, construction, manufacturing and financial services conglomerate, with global operations. L&T operates in sectors like hydrocarbon, infrastructure, power, process industries and defence for customers in over 30 Countries around the World. L&T Finance Holdings Limited (LTFHL) is in the financial service space and group's flagship holding co. In terms of representation from L&T, Mr. R. Shankar Raman (currently serving a whole-time director and CFO at L&T Limited) is on LTFHL board as a non-executive director. LTFHL's wholly-owned subsidiaries operate in rural, housing and wholesale finance and asset management businesses. Further there have been instances of equity infusion in the past where the parent has infused Rs.20 bn in FY 18 which indicates continuous support from the parent.

Improvement in the financial and business profile: On a standalone basis, during FY19, total income of LTFHL increased substantially by 46% to Rs.73.83 bn from Rs.50.71 bn in FY18 due to the growth in the rural book which comprises of high yielding assets. During FY2019, the net interest income rose from Rs. 24.63 bn in FY18 to Rs.36.84 bn in FY19 while the Net interest Margin improved to 7.4% in FY19 from 6.1% in FY18. The company reported a PAT of Rs. 8.46 bn as compared to Rs. 1.17 bn during FY2018. The operating expense to average assets remained stable at 2.60% in FY19 (FY18: 2.4%). The provision to average assets also declined from 1.96% in FY18 to 1.34% in FY19 due to improvement in the asset quality. The company reported return on asset (RoA) of 1.17% and return on net worth (RoNW) of 9.84% (vis-à-vis RoA of 0.29% and RoNW of 1.56% during FY2018) supported by an improvement in yield with increased retailisation of the portfolio and improved credit cost.

Adequate capitalization and strong resource raising position: The capital adequacy ratio of LTFHL stands at 16.98% (above the regulatory requirement of 15%) and Tier I capital ratio stands at 15.22% as on March 31, 2019. The tangible net worth of the company was Rs.68.07 bn as on March 31, 2019 as against the tangible net worth of Rs. 56.08 bn as on March 31, 2018 and further increased to Rs. 69.88 bn as on June 30, 2019. While internal capital generation has subdued in the medium term due to the amortisation of goodwill of Rs. 28.29 bn (as on March 31, 2017) over five years starting March 2017, the strategic importance of the company to the Group and the track record of capital infusion from LTFHL (equity infusion of Rs. 14 bn by LTFHL in Q4FY2018) to its subsidiary companies supports capitalisation. In terms of resource mobilization, company has been able to raise Rs.25 bn through retail NCD's in two tranches i.e. in Mar 19 & April 19 respectively.

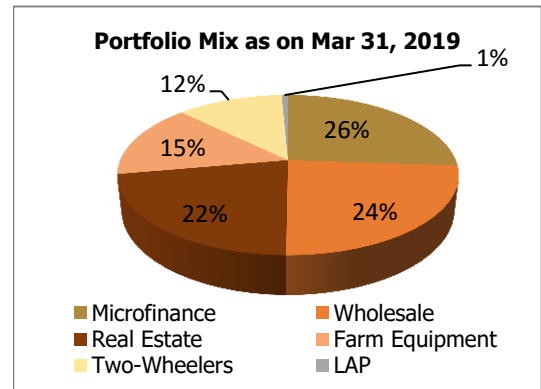
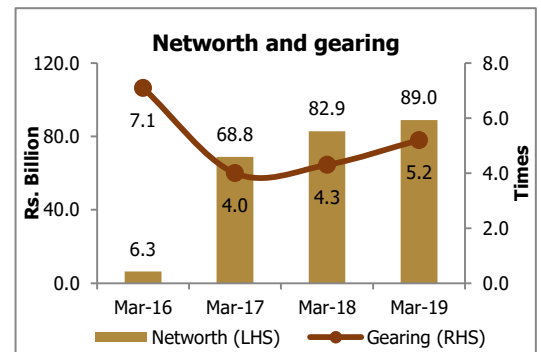
Improving Asset Quality: From FY19 onwards, company adopted ECL model for classification of advances in Stage I, Stage II and Stage III and consequent provisioning on the same. At a standalone level, the Gross Stage 3 and Net Stage 3 ratio was 3.59% (June 19- 3.98%) and 1.54% (June 19- 1.71%) respectively as on March 31, 2019. Net NPA to net worth ratio was 8.5%. The GNPA and NNPA ratio was 3.55% (Mar-18- 6.07%) and 2.13% (Mar-18- 2.81%) respectively as on March 31, 2019. Given that a large part of the incremental business is coming from relatively riskier asset classes such as micro loans, two-wheelers and real estate finance and while so far, the asset quality has been holding in these segments, the delinquencies could remain volatile. During the year there had been some rise in delinquencies in the micro-loan portfolio of the company in certain regions, however the company has adequately provided for the same and thus the overall impact on asset quality indicators was limited.

Moderate gearing levels: The gearing of LTFHL as on March 31, 2019, was moderate at 5.2 times although increased compared with 4.3 times as on March 31, 2018. The gearing stands at 5.4 times as on June 30, 2019.



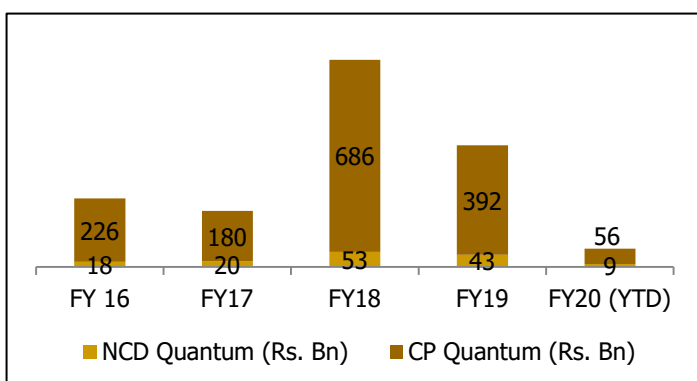
Well diversified product mix with portfolio growth: LTFHL undertook a rationalisation of its product offering in FY2017 following which, certain product segments (including four-wheeler financing, commercial vehicles, construction equipment, leases, SME term loans and receivable discounting) were discontinued. Also, as part of the restructuring, L&T Finance Limited and L&T FinCorp Limited were merged with Family Credit Limited with the merged entity being rechristened L&T Finance Limited. Going forward, LTF along with L&T Housing Finance will be one of the Group's primary vehicles for retail financing. LTF's portfolio stood at Rs. 489.47 bn as on March 31, 2019 (Rs. 401.87 bn as on March 31, 2018) comprising of 53% loans to retail segment and 47% to wholesale segment and further it increased to Rs. 498.20 bn comprising of loans to retail segment and to wholesale segment in the same ratio as on June 30, 2019. LTF benefits from the brand name of L&T, which it has leveraged to grow its corporate and retail portfolios while maintaining adequate profitability.

Strong liquidity position: Strong liquidity position is supported by diversified funding mix and ability to raise funds at competitive rates. LTF has a fairly-diversified funding mix with 52% of the funding as on March 31, 2019 raised from the capital markets (NCDs, subordinated debt, perpetual debt and commercial papers) with balance being bank borrowings and others (incl. ICDs). Given its operational track record and parentage, LTF has been able to raise funding at competitive rates, which supports the overall profitability. The company also maintains a healthy liquidity profile with positive cumulative mismatches in all the buckets up to 5 years as per ALM as on March 31, 2019. The unutilised bank limits, and liquidity support from the ultimate parent L&T provides comfort over liquidity profile of the company.



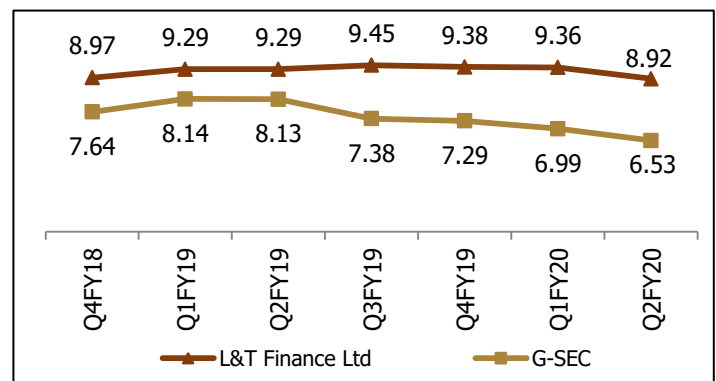
Board of Directors			
Name	Designation	Name	Designation
Mr. Dinanath Dubhashi	Non-Executive Director & Chairperson	Dr. (Mrs.) Rajani R. Gupte	Independent Director
Mr. P. V. Bhide	Independent Director	Mr. Rishi Mandawat	Non-Executive Director

NCD & CP Issuances over 5 years



Source: NSDL, Prime Database

Credit spread over 10 Year G-Sec:



Source: Thomson Reuters

Latest Issuance:

Name	Type	Date	Tenor	Coupon (%)	Quantum (Rs. Bn)
L&T Finance Ltd	Secured	28 May 2019	7 years	8.80 p.a.	10.00
L&T Finance Ltd	Secured	31 July 2019	7 years	8.55 p.a.	2.65

Other Information:

Auditors	Deloitte Haskins & Sells LLP
-----------------	------------------------------

Financials: (Standalone as per IND AS)
**FY17 Financials are as per IGAAP*
Profit & Loss Statement

Particulars (in Bn.)	FY17	FY18	FY19
Operating Income	40.82	50.71	71.83
Other Income	0.63	0.00	2.00
Total Income	41.45	50.71	73.83
Employee Cost	3.01	2.06	5.48
Operating & Establishment Expenses	1.53	2.18	2.83
Administrations & Other Expenses	1.71	1.18	2.08
Provisions and Contingencies	5.49	11.51	9.71
Miscellaneous Expenses	2.59	0.18	0.28
Total Expenditure	14.33	17.10	20.38
Operating Profit	27.12	33.61	53.44
Interest	19.76	25.14	33.50
Depreciation	7.08	6.93	6.91
Profit Before Taxation & Exceptional Items	0.28	1.54	13.03
Profit Before Tax	0.28	1.54	13.03
Provision for Tax	0.12	0.36	4.57
Profit After Tax	0.16	1.17	8.46

Key Ratios

Particulars	FY17	FY18	FY19
Spread Analysis			
Interest Earned/ Avg. Assets (%)	17.98	12.56	14.22
Interest Expended/ Avg. Assets (%)	9.66	6.36	6.80
Net Interest Margin (NIM (%))	8.32	6.21	7.43
Operational & Financial Ratios			
Earnings Per Share (Rs)	0.11	0.73	5.29
DPS(Rs)	0.97	0.00	1.20
Book Value (Rs)	47.77	51.82	55.66
Performance Ratios			
ROA (%)	0.08	0.30	1.72
ROE (%)	0.43	1.55	9.84
Financial Stability Ratios			
Total Debt/Equity(x)	4.05	4.28	5.21

Peer Comparison as on March 31, 2019

Particulars (in Bn.)	L&T Finance	IIFL Finance	Magma Fincorp
Total Income	73.8	74.1	25.1
NII	36.8	41.3	11.2
PAT	8.5	12.5	3.0
Equity	89.0	59.5	27.4
Debt	463.7	350.0	134.0
CRAR (%)	17.0	19.2	24.9
GNPA (%)	3.6	2.0	4.8
NNPA (%)	2.1	0.6	3.1
ROE (%)	9.8	17.5	13.1
ROA (%)	1.2	2.2	1.8
Leverage (x)	5.2	5.9	4.9

Source: Company Reports, ACE Equity, Figures are on standalone basis,

Information Source: Ace Equity, Company Reports, IBEF, NSDL, Prime Database, Bloomberg, Thomson Reuters, Rating Agencies, CRISIL
Note: Long-term/Short-term borrowings and advances numbers may differ as the classification is as per ACE - Equity.

Disclaimer:

This report is for personal information of the selected recipient/s and does not constitute to be an investment, legal or taxation advice to you. This report does not constitute an offer, invitation or inducement to invest in securities or other financial instruments and Trust Investment Advisors Private Limited (TIAPL) is not soliciting any action based upon it. This report is not for public distribution and has been furnished to you solely for your general information and should not be reproduced or redistributed to any other person in any form. This report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, investors should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice.

The information contained herein is from publicly available data or other sources believed to be reliable, but we do not represent that it is accurate or complete and it should not be relied on as such. TIAPL accepts no liability for loss arising from the use of the material presented in this report.

We and our affiliates, officers, directors, and employees may: (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn fees/commission/brokerage or other compensation or act as advisor or lender / borrower to such company (ies) or have other potential conflict of interest with respect to any analysis/recommendation/related information and opinions.

Regional Disclosures (outside India): This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject TIAPL or its associate/subsidiary companies to registration or licensing requirements within such jurisdictions.

Balance Sheet

Particulars (in Bn.)	FY17	FY18	FY19
EQUITY AND LIABILITIES			
Share Capital	14.40	15.99	15.99
Shareholder's Funds	68.79	82.87	89.00
Long-Term Borrowings	153.14	11.24	11.24
Other Non-Current Liabilities	-1.36	-6.29	-6.33
Total Non-Current Liabilities	151.78	4.95	4.92
Other Current Liabilities	35.76	3.63	5.06
Short Term Borrowings	99.71	343.34	452.11
Total Current Liabilities	135.47	346.97	457.17
Total Liabilities	356.04	434.79	551.10
ASSETS	0.00	0.00	0.00
Net Block	27.82	20.49	13.95
Capital Work in Progress	0.00	0.00	0.00
Other fixed assets	0.00	0.09	0.18
Non-Current Investments	7.36	0.00	0.00
Long Term Loans & Advances	201.54	2.55	1.57
Other Non-Current Assets	1.69	0.31	0.34
Total Non-Current Assets	238.41	23.45	16.05
Cash and Bank	2.95	3.93	15.61
Other Current Assets	31.11	24.70	47.49
Short Term Loans and Advances	83.58	382.73	471.94
Total Current Assets	117.63	411.35	535.04
Miscellaneous Expenses not written off	0.00	0.00	0.00
Total Assets	356.04	434.79	551.10

Cash flow Statement

Particulars (in Bn.)	FY17	FY18	FY19
Profit Before Tax	0.28	1.54	13.03
Adjustment	14.52	18.53	16.80
Depreciation	7.08	6.93	6.91
Dividend Received	0.00	0.00	0.00
Interest Income	0.00	0.00	0.00
Provision & Written Off	5.28	0.00	0.00
Bad debts irrecoverable written off	2.38	0.00	0.00
Provision for doubtful debts & advances	0.00	0.00	0.00
Other Adjustments	-0.21	11.59	9.89
Changes In working Capital	-2.90	0.98	-1.77
Cash Flow after changes in Working Capital	11.91	21.04	28.06
Tax Paid	-2.14	-3.57	-3.80
Extra & Other Item	-34.56	-107.76	-99.44
Cash From Operating Activities	-24.79	-90.28	-75.18
Cash Flow from Investing Activities	-25.09	7.53	-21.46
Purchase of Fixed Assets	-0.16	-0.46	-0.68
Sale of Fixed Assets	0.26	0.65	0.11
Purchase of Investment	-41.95	-15.69	-27.62
Sale of Investments	16.77	23.25	6.59
Investment in Subsidiaries	0.00	0.00	0.00
Dividend Income	0.00	0.00	0.00
Interest Income	0.00	0.00	0.00
Other Investment Activities	0.00	-0.21	0.13
Cash from Financing Activities	50.86	83.28	108.45
Net proceeds from borrowings & pref. shares	52.56	69.33	108.88
Net proceeds Equity Share Capital	0.00	14.00	0.00
Other Financial Activities	-1.71	-0.04	-0.43
Net Cash Inflow / Outflow	0.97	0.54	11.82
Opening Cash & Cash Equivalents	0.44	2.95	3.49
Closing Cash & Cash Equivalent	2.95	3.49	15.31