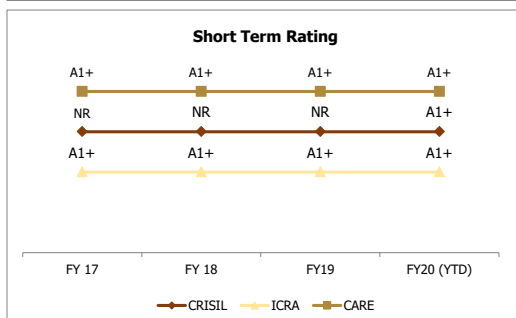
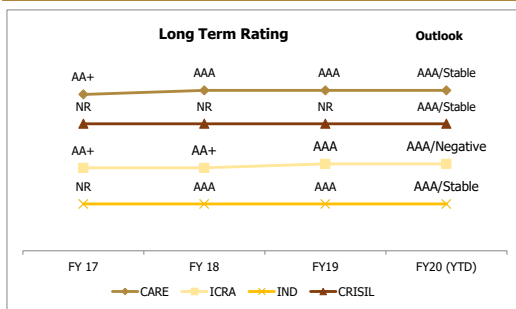


Shareholding pattern as on June 30, 2019

L&T Finance Holdings Limited	100%
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Credit Rating History

Financial Performance

Particulars	FY19	FY18	% chg
AUM	113.3	114.3	-0.9%
Total Income	15.1	11.9	26.9%
PAT	2.7	1.8	50.0%
Networth	15.3	14.0	9.3%
Total Debt	111.8	102.4	9.2%
Debt/Equity (x)	7.3	7.3	-
ROA (%)	2.2	1.8	-
RONW (%)	17.6	12.9	-
CAR (%)	17.7	17.8	-
GNPA (%)	1.9	1.4	-
NNPA (%)	1.3	0.8	-

As per IND-As wherever applicable

Source: Company Reports, ACE Equity

Credit Drivers:

- **Strong parentage and strategic importance for the Group:** L&T Housing Finance Limited (LTHFL) is a wholly-owned subsidiary of L&T Finance Holdings Limited (LTFHL), the flagship holding company of the financial services business of the L&T group. LTHFL is expected to benefit from synergies in the form of business, finance and management support from the L&TFS ecosystem.
- **Stable asset quality:** LTHFL's asset quality is stable in FY19 with gross and net stage 3 assets increasing to 2.0% and 1.39% respectively compare to gross and net stage 3 assets of 1.47% and 0.79% as on March 31, 2018.
- **Diversified resource profile:** - LTFHL has a fairly diversified funding mix with 62% of the funding as on June 30, 2019 raised from the capital markets (NCDs, subordinated debt, perpetual debt and commercial papers) with balance being bank borrowings.
- **Comfortable Capitalization:** LTHFL's gearing ratio remained stable at 7.3x as on March 31, 2019 from 7.32x as on March 31, 2018. LTHFL's current capitalization is adequate with a capital adequacy at 17.69% (Tier I capital of 14.79%) as on March 31, 2019 supported by timely capital infusion from the parent.
- **Adequate Profitability indicators:** LTHFL has adequate profitability marked by comfortable PAT and Total Income of Rs.2.7 billion and Rs.15.1 billion for FY19.
- **Strong liquidity position:** As on June 30, 2019, the liquidity profile of LTHF stood comfortable as the company maintained cumulative positive mismatches up to one year bracket.

About the Company:

LTHFL was originally founded as Weizmann Homes Ltd by the Weizmann group in 1994. The company then went through a number of acquisitions, firstly by American International Group, Inc. (name of the company was changed to AIG Home Finance India Limited) and then by Pasha Ventures (name was again changed to Indo Pacific Housing Finance Limited). In October 2012, L&T Financial Holdings Limited (LTFHL), the holding company of L&T group's financial businesses, acquired Indo Pacific Housing Finance Limited. On December 4, 2012, the company's name was changed to L&T Housing Finance Limited.

About the Parent:

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:

After reporting strong credit growth of 17% in 1H FY19, the HFC credit growth has crimped in second half on account of tight liquidity situation and asset quality pressures. The HFCs growth is expected to moderate to 10-12% in FY20 given the continued liquidity crisis and competitive pressure, especially from private banks and potentially from large PSU banks. Aggravating the difficulties will be a likely pressure on the asset quality front due to the weak operating environment (slowdown in the real estate sector), with overall NPAs expected to shoot up to 1.8% in the medium term as against present 1.4%.

From a funding mix perspective HFCs have relied heavily on securitization as their preferred source of financing following the liquidity squeeze, along with raising long-term funds from banks and capital markets at higher cost to maintain ALM. Relatively lower reliance on ST borrowings while maintaining on-balance sheet liquidity is expected to impact the profitability of the sector. Increase in cost of funds and asset quality pressure will result in margins declining and moderation of profit levels to 14% levels in FY19-20, from 18% in earlier. However, the proposed National Housing Bank amendments in capital adequacy, deposit mobilization and leverage norms are positives for HFCs over the medium term.

Key Credit Drivers:

Strong parentage and strategic importance for the Group: Financial services is among the high growth and profitability businesses in the L&T group and has received regular capital infusions (about Rs. 35 billion) from the group since inception. LTHFL is a wholly owned subsidiary of LTFHL which in turn is majority owned by L&T. LTFHL and its subsidiaries, while operating independently, benefit from the brand name of L&T. LTHFL also receives capital and management support from its parent. The strategic importance of the company to L&T and the presence of these synergies would ensure continued support to the company. LTHFL is expected to benefit from group synergies in the form of business support from the L&T Financial Services ecosystem with respect to avenues for sourcing of loans, as well as capital, managerial and operational support from parent. The financial services companies of the group have a shared treasury, which is responsible for raising resources for different businesses under the financial services segment.

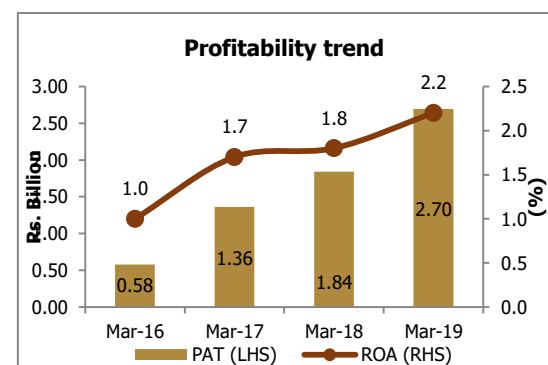
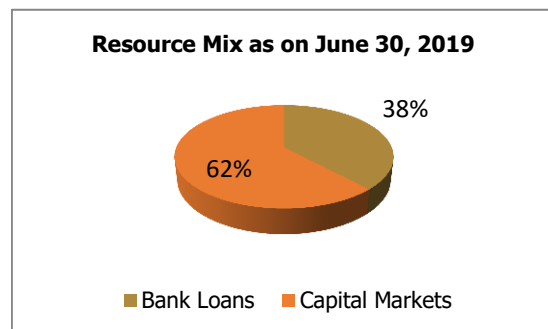
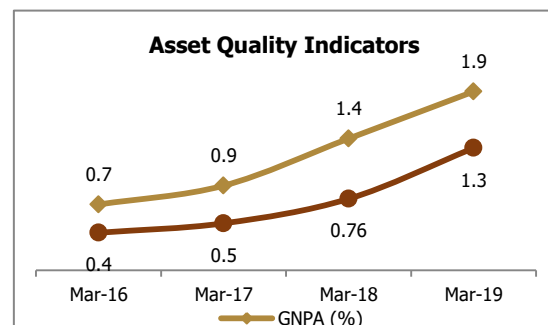
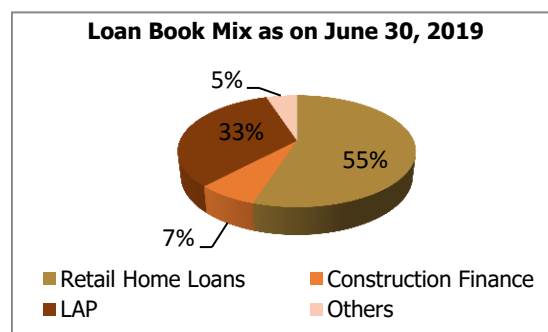
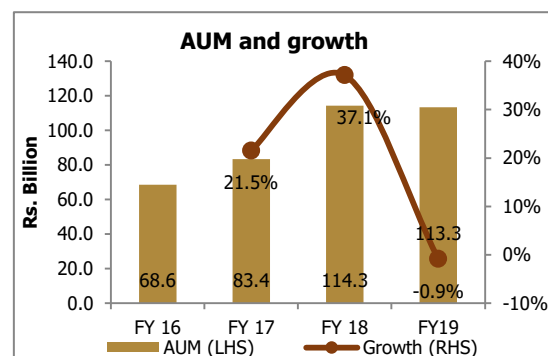
Strong growth in AUM, supported by group shared operations: LTHFL has demonstrated its ability to grow its business at a robust pace, supported by the group's established network, considerable market knowledge complemented by the opportunity to cross sell to customers of group companies. The portfolio had grown at a CAGR of 57% over FY2014-FY2018. The company's portfolio grew to Rs. 114.43 billion as on March 31, 2019 from Rs. 112.68 billion as on March 31, 2018. The loan portfolio comprised of 55% loans to Home loans segment, 33% loan against property (LAP) and 7% to Construction financing with balance 6% forming other loans as on 30th June 2019.

At a consolidated group level, LTHFL's AUM stood at Rs. 991.21 billion as on March 31, 2019 (from Rs. 853.54 billion as on March 31, 2018) and comprised of 36% of the loans to retail segments (Micro loans (13%), Two-wheeler (6%) & Farm Equipment (7%) and Home Loans/LAP (11%)) and balance 63% to the wholesale segments (Real Estate Finance (15%), Infrastructure Financing (39%) and the balance towards corporate loans, supply chain finance, Debt & Capital Markets book, etc.).

Stable asset quality: Since LTHFL's portfolio has grown at a significant pace over the past 4 years, this has resulted in limited seasoning in relation to the tenure of the assets and performance of the portfolio remains to be seen across economic cycles. The company's asset quality however seen a slight deterioration in FY2019, with the gross and net NPA increasing to 1.9% and 1.3% respectively as on March 31, 2019, compared to gross and net NPA of 1.40% and 0.76% respectively as on March 31, 2018 due to fresh slippages during 2HFY2019. Gross and net stage 3 assets increased to 2.0% and 1.39% respectively compare to gross and net stage 3 assets of 1.47% and 0.79% as on March 31, 2018. For quarter ending June 30, 2019 gross and net stage 3 assets stands at 1.81% and 1.24% respectively.

Diversified resource profile: LTHFL has a fairly diversified funding mix with 62% 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. Given its operational track record and parentage, LTFHL has been able to raise funding at competitive rates, which also supports its overall profitability.

Comfortable Capitalization: LTHFL's gearing ratio remained flat at 7.3x as on March 31, 2019 from 7.32x as on March 31, 2018. LTHFL's current capitalization is adequate with a capital adequacy at 17.69% (Tier I capital of 14.79%) as on March 31, 2019 supported by timely capital infusion from the parent. During 4QFY2018, LTFHL infused Rs. 6.0 billion into the entity. Given its targeted pace of growth, LTHFL would need further capital infusions from the parent to maintain prudent capitalization levels. Given the strategic importance of the company in the overall bouquet of financial

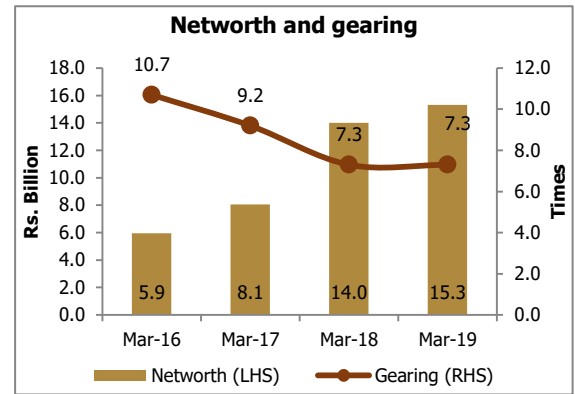


services offered by the group, it is expected that the capital support from the parent will be forthcoming as and when required. At a consolidated level, the Group's leverage remains moderate (6.8 times as on March 31, 2019 to 6.64 times as on June 30, 2019) given that a significant proportion (~64%) of the lending book consists of the wholesale lending segment.

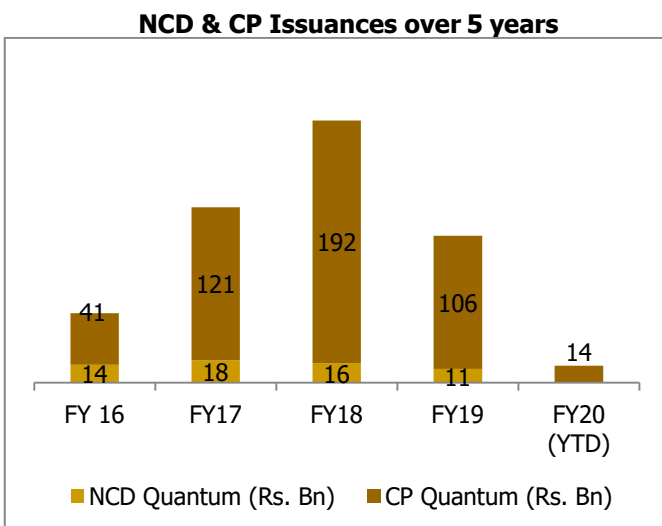
Adequate profitability indicators: - The net interest margins (NIMs) declined to 3.67% during FY19 from 4.19% during FY18 due to more than commensurate increase in costs of fund as compared to increase in yield. With an increase in scale of operations and the synergies with other group companies LTHFL's operating expenses remained low at 0.84% during FY19, decline in credit costs to 0.40% in FY19 from 1.41% in FY2018 owing to accelerated provisioning and write-offs during FY2018. Consequently, LTHFL's profitability improved during FY19 with

the return on average assets (RoA) reported at 2.15% as compared to 1.77% during FY18 and a return on average net worth (RoNW) of 18.38% as compared with 16.53% during FY18.

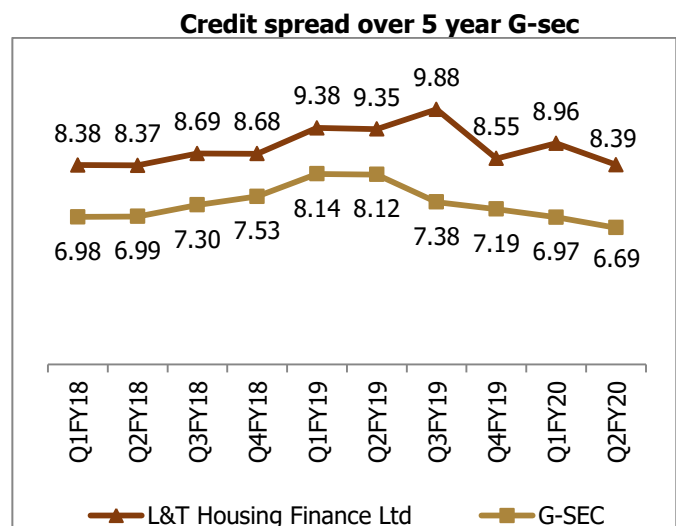
Strong Liquidity position: The liquidity profile of the group is comfortable at a consolidated level. As on June 30, 2019, on a consolidated basis, cumulative outflows over the next six months stood at Rs. 200.49 billion, while collections expected from loan assets' inflows were about Rs. 120.40 billion. The company had cash and liquid investments of Rs. 48.56 billion, unutilized bank lines of Rs. 62.78 billion as on June 30, 2019 which it can use to meet the funding gaps. The liquidity profile is further supported by the Rs 20.0 billion liquidity line from L&T. LTHFL enjoys strong financial flexibility to mobilized long term funding on the back of its established track record and strong parentage.



Key Management Personnel			
Name	Designation	Name	Designation
Mr. Dinanath Dubhashi	Non-Executive Director & Chairman	Dr. (Mrs.) Rajani R. Gupte	Independent Director
Mr. P.V. Bhide	Independent Director	Mr. Rishi Mandawat	Non-Executive Director



Source: NSDL & Prime Database



Source: Reuters

Latest Issuance:

Name	Type	Date	Tenor	Coupon (%)	Quantum (Rs. Bn)
LTHFL	Secured	Jan 11, 2019	5 Years	8.90 p.a.	5

Other Information:

Auditors	Deloitte Haskins & Sells LLP
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Financials: (Standalone as per Ind AS)

*FY17 numbers are as per IGAAP

Profit & Loss Statement

Particulars (in Bn)	FY17	FY18	FY19
Operating Income	9.48	11.82	15.10
Other Income	0.05	0.03	0.00
Total Income	9.54	11.85	15.11
Employee Cost	0.47	0.22	0.39
Operating & Establishment Expenses	0.40	0.13	0.18
Administrations & Other Expenses	0.26	0.35	0.40
Provisions and Contingencies	0.42	1.47	0.50
Miscellaneous Expenses	0.02	0.07	0.55
Total Expenditure	1.58	2.23	2.03
Operating Profit	7.96	9.62	13.08
Interest	5.84	6.95	9.12
Depreciation	0.02	0.02	0.02
Profit Before Taxation & Exceptional Items	2.10	2.66	3.94
Profit Before Tax	2.10	2.66	3.94
Provision for Tax	0.74	0.82	1.25
Profit After Tax	1.36	1.84	2.69

Key Ratios

Particulars	FY17	FY18	FY19
Spread Analysis (%)			
Interest Earned/ Avg. Assets (%)	10.39	10.98	11.00
Interest Expended/ Avg. Assets (%)	7.12	6.07	7.30
Net Interest Margin (NIM (%))	3.27	4.27	3.70
Operational & Financial Ratios			
Earnings Per Share (Rs)	10.52	11.13	16.29
DPS(Rs)	0.00	10.49	6.95
Book Value (Rs)	62.11	84.71	92.64
Performance Ratios			
ROA (%)	1.66	1.78	2.16
ROE (%)	19.49	16.68	18.38
Financial Stability Ratios			
Total Debt/Equity(x)	9.25	7.31	7.30

Peer Comparison as on March 31, 2019

Particulars (in Bn)	LTHFL	Bajaj Housing	PNB Housing
Total Income	11.93	11.49	74.80
NII	3.70	3.1	20.63
PAT	1.66	1.10	10.81
Equity	13.62	35.5	1.67
Debt	145.3	152.36	718.5
CRAR (%)	17.64	25.81	13.98
GNPA (%)	1.40	0.05	0.48
NNPA (%)	0.76	0.04	0.38
ROE	15.35	1.1	1.61
ROA	1.60	4.2	17.44
Leverage	7.32	4.2	9.7

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.

Balance Sheet

Particulars (in Bn)	FY17	FY18	FY19
EQUITY AND LIABILITIES			
Share Capital	1.30	1.65	1.65
Shareholder's Funds	8.05	14.01	15.32
Long-Term Borrowings	69.85	59.35	69.37
Other Non-Current Liabilities	0.63	2.37	2.94
Total Non-Current Liabilities	70.48	61.72	72.31
Other Current Liabilities	8.38	0.40	0.46
Short Term Borrowings	1.16	43.06	42.44
Total Current Liabilities	9.54	43.46	42.90
Total Liabilities	88.08	119.19	130.54
ASSETS			
Net Block	0.03	0.03	0.12
Capital Work in Progress	0.00	0.00	0.00
Other fixed assets	0.01	0.06	0.10
Non-Current Investments	0.85	0.00	0.00
Long Term Loans & Advances	82.85	0.09	0.33
Other Non-Current Assets	0.00	0.02	0.01
Total Non-Current Assets	83.74	0.21	0.56
Cash and Bank	0.03	1.21	0.72
Other Current Assets	4.30	5.74	16.18
Short Term Loans and Advances	0.01	112.04	113.08
Total Current Assets	4.33	118.99	129.98
Miscellaneous Expenses not written off	0.00	0.00	0.00
Total Assets	88.08	119.19	130.54

Cash flow Statement

Particulars (in Bn)	FY17	FY18	FY19
Profit Before Tax	2.10	2.66	3.94
Adjustment	0.40	-28.87	-1.32
Depreciation	0.02	0.02	0.02
Dividend Received	0.00	0.00	0.00
Interest Income	0.00	0.00	0.00
Provision & Written Off	0.38	1.47	0.52
Bad debts irrecoverable written off	0.05	0.00	0.00
Provision for doubtful debts & advances	0.00	0.00	0.00
Other Adjustments	-0.05	-30.36	-1.86
Changes in working Capital	-15.84	-0.11	0.50
Cash Flow after changes in Working Capital	-13.34	-26.33	3.11
Tax Paid	-0.74	-1.07	-1.47
Extra & Other Item	0.00	0.00	0.00
Cash From Operating Activities	-14.08	-27.40	1.65
Cash Flow from Investing Activities	2.04	-1.42	-10.26
Purchase of Fixed Assets	-24.05	-0.07	-0.14
Sale of Fixed Assets	26.92	0.00	0.00
Purchase of Investment	-0.85	-4.86	-15.13
Sale of Investments	0.01	3.51	5.00
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	0.00	0.00
Cash from Financing Activities	11.75	30.00	8.13
Net proceeds from borrowings & pref. shares	11.01	25.22	9.65
Net proceeds Equity Share Capital	0.75	6.00	0.00
Other Financial Activities	-0.01	-1.22	-1.52
Net Cash Inflow / Outflow	-0.29	1.18	-0.49
Opening Cash & Cash Equivalents	0.31	0.03	1.21
Closing Cash & Cash Equivalent	0.03	1.21	0.72

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