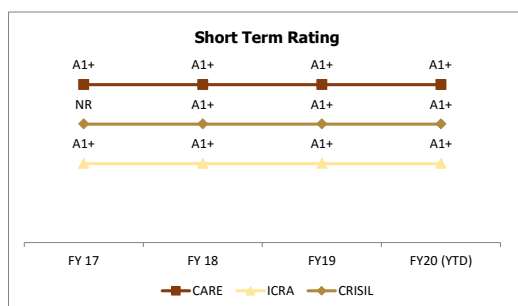
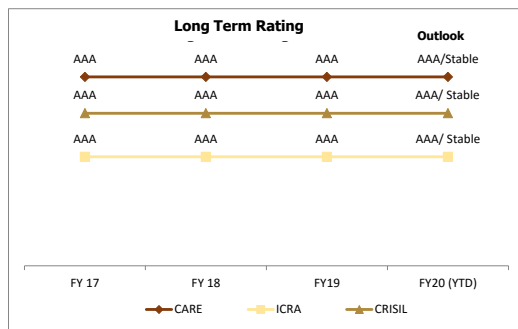


Shareholding pattern as on March 31, 2019

L&T Infra Finance Company Limited	48.36%
L&T Finance Limited	28.28%
L&T Finance Holdings Limited	23.36%

Credit Rating History



Financial Performance

Particulars	Rs. Bn		
	FY19	FY18	% chg
Total Income	7.54	5.67	32.98
PAT	1.31	1.39	(5.76)
Net Worth	10.60	9.11	16.36
Total Loan Portfolio	82.01	69.84	17.43
ROA (%)	1.66	2.61	(36.40)
RONW (%)	13.23	18.54	(28.64)
Gearing	7.10	6.60	-
CRAR (%)	27.05	28.39	-
GNPA (%)	Nil	Nil	-
NNPA (%)	Nil	Nil	-

Source: Company Reports

Credit Drivers:

- **Comfortable capitalization profile:** L&T Infrastructure Debt Fund Limited (LTIDFL) is adequately capitalized with a capital to risk asset (CRAR) of 27.05% as on March 31, 2019. The company's net worth and gearing is also healthy at Rs.10.60 billion and 7.10 times as on March 31, 2019.
- **Strong Asset Quality:** LTIDFL continues to have Nil NPA's since most of the projects in its portfolio are backed by tri-partite agreements and have significant government support.
- **Well defined regulatory framework:** LTIDFL refinances only operational projects which have a satisfactory one year track record. This is as per the guidelines set out for Infrastructure Debt Fund – Non Bank Finance Companies (IDF-NBFC) thereby mitigating the risk of the company.
- **Strong Liquidity Profile:** LTIDFL has debt repayments of about Rs 2.25 Billion till June 2019. Against this liability, it has liquidity of about Rs 3.5 Billion in the form of cash and cash equivalents and investments in liquid mutual fund schemes.
- **Experienced Management Team:** LTIDFL is promoted by companies within L&T Finance Holdings Group with L&T Infrastructure Finance Company Limited (LTIF) being the largest shareholder. LTIDFL thus benefits from group synergies and from the overall L&T group in areas of project assessment, established client relationships and infrastructure domain expertise.

About the Company:

Incorporated in March, 2013, LTIDFL is an Infrastructure Debt Fund-Non-Banking Financial Company (IDF-NBFC) that is engaged in the business of providing long term financial to various infrastructure projects. The company is sponsored by L&T Infrastructure Finance Company Limited, which holds a 48.36% stake in the company. The balance stake is held by L&T Finance Holdings Limited and L&T Finance Limited.

The company's current portfolio comprise of projects that have completed five years of satisfactory operations. Almost 70% of projects are backed by a Tripartite Agreement or some guarantee or support from a government or state authority.

In April 2019, LTIDFL entered into a definitive agreement for investment of up to 25.1% minority equity investment from Apis Growth Fund-2, a Private Equity Firm for the investment of about Rs. 7.70 Billion, 70% will be in form of growth capital and the balance will be share purchases from existing shareholders.

Industry Outlook:

Growth in NBFC sector is expected to be impacted in FY20 given the liquidity situation, which is expected to continue in FY20. NBFCs are expected to witness muted growth in FY20 with a continued competition, especially from private banks and 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.

Infrastructure sector is a key driver for the Indian economy and crucial for propelling India's overall development. Given the Government's high focus on infrastructure development, IDF-NBFCs have good growth prospects by providing low cost and long term funding to operational infrastructure projects which in turn will help release bank resources for funding new infrastructure projects and permit banks to manage their asset liability profile mismatch. The revised guidelines issued by RBI in FY2016, has widened the scope of financing by IDF-NBFCs to include, investments in PPP projects without a project authority and non-PPP projects with minimum one year of commercial operations. The revised RBI guidelines have also opened up other sectors such as renewable energy for IDF-NBFCs thus providing diversification on their asset side.

Key Credit Drivers:

Comfortable Capitalization profile: Capitalization, as measured by the gearing ratio, is an important driver to assess the credit risk of LTIDFL. As per regulations, since the government authority guarantees the entire assets of any project, through a tripartite agreement, IDF-NBFC's can operate at higher leverage than a normal NBFC. LTIDFL has a comfortable gearing ratio of 7.1 times and net worth of Rs 10.60 Billion as on March 31, 2019 which can help in providing a healthy coverage against potential asset risks. With the capital infusion from Apis partners, the leverage over the medium term would be expected to remain comfortable. The leverage and net worth were 6.60 times and Rs 9.11 Billion as on March 31, 2018. LTIDFL has a comfortable capital to risk asset ratio (CRAR) of 24.13% as on March 31, 2019.

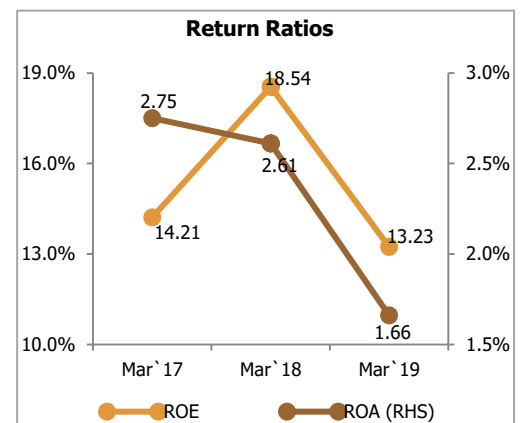
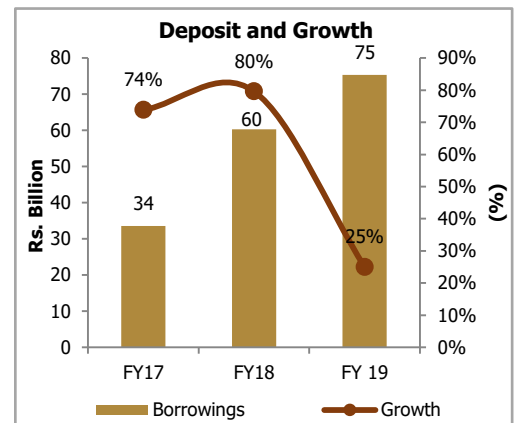
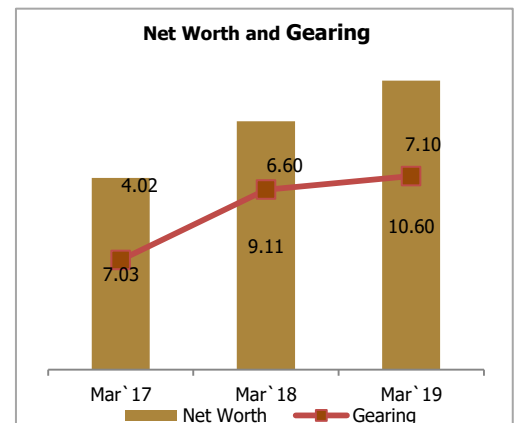
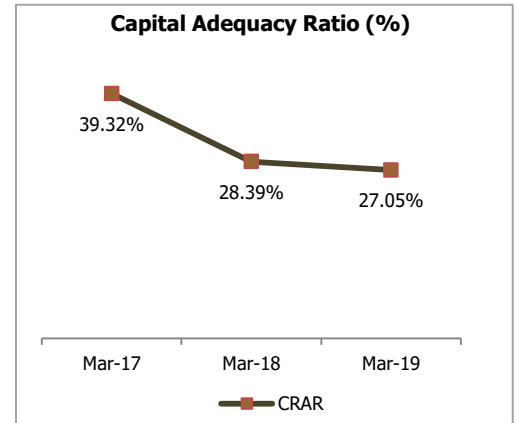
Strong Asset Quality: An IDF-NBFC can refinance projects that are guaranteed by government authorities which have a tripartite agreement in place. LTIDFL continues to have Nil NPA's. Government guaranteed projects continue to remain the largest component of the portfolio at around 40% of all projects in the foreseeable future.

Well defined regulatory framework, resulting in focused business model: As per the regulatory guidelines, an IDF-NBFC can refinance projects that are guaranteed by government authorities which have a tripartite agreement in place. The rules were further amended to permit IDF-NBFC's too also refinance Public Private Partnership (PPP) Infrastructure projects that do not have a tripartite agreement or projects that have not been set up through the PPP route. However, these projects must have at least a satisfactory one year track record. These regulatory changes have significantly increased the business opportunities for these funds. Guidelines also stipulate IDF-NBFCs to raise funds through shorter tenor bonds and commercial papers (CPs) from the domestic market to the extent of up to 10 per cent of their total outstanding borrowings for better liquidity management. Prior to these amendments, these companies could raise funds with a minimum maturity of 5 years.

LTIDFL is expected to continue its diversification, both across projects and across sectors. The company has always and in the future, proposes to diversify in highly rated assets and sectors that have a healthy track record. Government guaranteed projects would continue to remain the largest component of the portfolio at around 40% of all projects in the foreseeable future. In the non-government projects, large proportions of projects are expected from the renewable energy and transmission segment with proven technologies which have a high recovery rate.

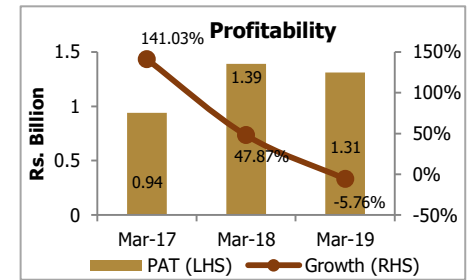
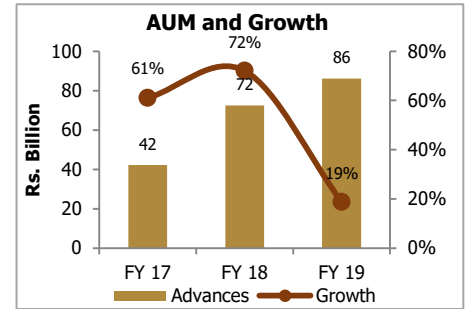
Strong Liquidity Profile: LTIDFL is expected to have limited asset - liabilities mismatches, in line with regulations. As such the company is expected to raise long term liquidity with a minimum of five years of maturity. The company can raise short term loans or bonds as well as commercial paper to the tune of 10% of their total Borrowings.

LTIDFL had commercial paper to the tune of just 2% of their total borrowings as on March 31, 2019 valued at Rs 1.5 Billion. LTIDFL has debt repayments of about Rs 2.25 Billion till June 2019. Against this liability, it has liquidity of about Rs 3.5 Billion in the form of cash and cash equivalents and investments in liquid mutual fund schemes. As of March 31, 2019, the structural liquidity is positive in all buckets for one year. The company has access to CP's by credit lines from banks and financial institutions for meeting any short term mismatches in flows. The company, following a prudent liquidity management policy, maintains an adequate balance of funds to meet the upcoming payout of the installment to its bondholders. The expected capital infusion by the Apis fund will also strengthen its liquidity position. Added to that, the company's linkages with the L&T group also helps.



Concentration risk in loan portfolio: An IDF-NBFC can refinance up to 50% of their total capital funds in a single project having a tri-partite agreement. For additional exposure to a particular project, Board approval as well as RBI approval is needed. Investment limits are lower in non-tripartite backed projects. This is done to ensure low concentration risk in the investment portfolio. For LTIDF, the top 10 exposures accounted for 32% of their loan book as on March 31, 2019.

Stable Profitability: L&T Infra Debt has had relatively thin spreads in the past given the investments in only low risk operational tripartite backed PPP infrastructure projects. However spreads have stabilised as LTIDFL has increased investment in no-tripartite projects and is expected to remain at similar levels in medium term. Near term Profitability is supported by income tax exemptions for IDF-NBFCs. LTIDFL has low operating expenses due to the wholesale nature of its assets and liabilities. LTIDF's profitability is also supported by its low credit costs due to its NIL stage 3 assets as on March 31, 2019. During FY19, LTIDF reported a net profit of Rs. 1.31 bn as compared to Rs. 1.39 bn during FY18 translating to a RoA and RoE of 1.66% and 13.23% Vs 2.61% and 18.54% respectively for FY18.

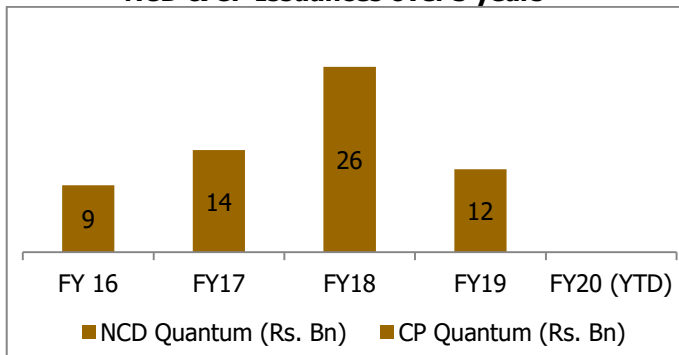


Experienced Management Team: LTIDFL has a professional management team with considerable experience in the infrastructure financing space. The operational and management control of the company lies with the L&T group, L&T Infrastructure Finance Company being the largest shareholder. L&T Infrastructure Finance is India's largest financier of renewable projects. LTIDFL draws synergies and experience from L&T Infrastructure Finance as well as the larger L&T group in areas of project risk assessment, ALM mismatch, established client relationships as well as deeper understanding of the Infrastructure space. The management has shown its ability to scale up operations effectively thereby increasing its asset book.

Key Management Personnel:

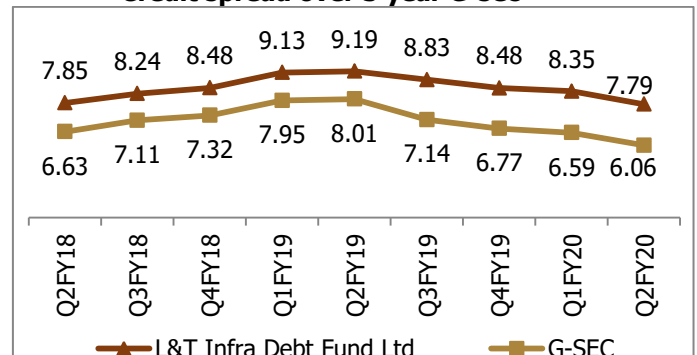
Name	Designation
Mr. Dinanath Dubhashi	Chairperson & Non- Executive Director
Mr. Thomas Mathew T.	Independent Director
Ms. Nishi Vasudeva	Independent Director
Dr. Rupa Rege Nitsure	Non- Executive Director
Mr. Sunil Prabhune	Non- Executive Director

NCD & CP Issuances over 5 years



Source: NSDL, Prime Database

Credit spread over 5 year G-sec



Source: Reuters

Latest Issuances:

Name	Type	Date	Tenor	Coupon (%)	Quantum (Rs. Bn)
LTIDFL (Bonds)	Secured	Feb 20, 2019	15 Years	9.22 p.a.	2
LTIDFL (Bonds)	Secured	Feb 1, 2019	5 Years 1 Month 10 Days	9.15 p.a.	5

Other Information:

Auditors	M/s. 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
Gross Sales	3.03	5.67	7.55
Net Sales	3.03	5.67	7.55
EXPENDITURE :			
Employee Cost	0.02	0.03	0.06
Other Manufacturing Expenses	0.00	0.01	0.01
General and Administration Expenses	0.15	0.12	0.11
Selling and Distribution Expenses	0.00	0.00	0.00
Miscellaneous Expenses	0.10	0.11	0.22
Less: Expenses Capitalised	0.00	0.00	0.00
Total Expenditure	0.27	0.27	0.41
Operating Profit (Excl OI)	2.76	5.40	7.14
Other Income	0.43	0.01	0.00
Operating Profit	3.20	5.41	7.14
Interest	2.25	4.02	5.82
PBDT	0.94	1.39	1.32
Depreciation	0.00	0.00	0.00
Profit Before Taxation & Exceptional Items	0.94	1.39	1.32
Profit Before Tax	0.94	1.39	1.32
Provision for Tax	0.00	0.00	0.00
Profit After Tax	0.94	1.39	1.32

Key Ratios

Particulars	FY17	FY18	FY19
Operational & Financial Ratios			
Earnings Per Share (Rs)	1.87	2.84	2.69
DPS(Rs)	0.00	0.00	0.00
Book Value (Rs)	14.95	18.96	21.65
Margin Ratios			
PBIDTM (%)	105.47	95.33	94.56
PATM (%)	31.06	24.51	17.44
Performance Ratios			
ROA (%)	2.75	2.43	1.66
ROE (%)	14.21	17.02	13.23
ROCE (%)	9.67	9.60	9.04
Efficiency Ratios			
Receivable days	0.00	0.00	1.34
Inventory Days	0.00	0.00	0.00
Payable days	709.29	320.11	401.21
Growth Ratio			
Net Sales Growth (%)	198.37	87.14	33.12
Core EBITDA Growth (%)	218.50	69.15	32.05
PAT Growth (%)	139.52	47.68	-5.27
Financial Stability Ratios			
Total Debt/Equity(x)	4.02	6.75	7.10
Current Ratio(x)	1.40	606.38	679.58
Quick Ratio(x)	1.40	606.38	679.58
Interest Cover(x)	1.42	1.34	1.23

Peer Comparison as on March 31, 2019

Particulars (in Bn)	LTIDF	Kotak IDf	India Infra debt
Total Income	7.54	0.61	9.12
PAT	1.31	0.24	1.80
Equity	10.6	3.10	9.24
Debt	75.32	4.1	79.41
CRAR (%)	27.05	46.80	23.43*
ROE	13.20	7.20	19.48
ROA	1.70	3.60	1.74
Gearing	7.1	1.32	8.60

Balance Sheet

Particulars (in Bn)	FY17	FY18	FY19
EQUITY AND LIABILITIES			
Share Capital	5.76	4.90	4.90
Shareholder's Funds	8.09	9.30	10.61
Long-Term Borrowings	32.50	62.76	75.33
Other Non-Current Liabilities	0.34	0.00	0.00
Total Non-Current Liabilities	32.84	62.76	75.33
Other Current Liabilities	1.24	0.03	0.04
Short Term Borrowings	0.00	0.00	0.00
Short Term Provisions	0.01	0.00	0.01
Total Current Liabilities	1.25	0.12	0.13
Total Liabilities	42.17	72.17	86.06
ASSETS			
Net Block	0.00	0.00	0.00
Capital Work in Progress	0.00	0.00	0.00
Other fixed assets	0.00	0.00	0.00
Non-Current Investments	0.00	0.00	0.00
Long Term Loans & Advances	0.37	0.48	0.90
Other Non-Current Assets	0.02	0.01	0.02
Total Non-Current Assets	40.43	0.50	0.91
Current Assets - Loans & Advances	0.00	0.00	1.67
Currents Investments	0.00	0.00	0.00
Inventories	0.00	0.00	0.03
Sundry Debtors	1.67	1.91	1.77
Cash and Bank	0.00	0.00	1.67
Other Current Assets	0.07	0.00	0.00
Short Term Loans and Advances	0.00	69.77	81.68
Total Current Assets	1.74	71.67	85.15
Miscellaneous Expenses not written off	0.00	0.00	0.00
Total Assets	42.17	72.17	86.06
Total Debt (Long Term + Short Term)	32.50	62.76	75.33

Cash flow Statement

Particulars (in Bn)	FY17	FY18	FY19
Profit Before Tax	0.94	1.39	1.32
Adjustment	-0.26	-0.13	-0.05
Changes in working Capital	-15.32	-28.50	-11.59
Cash Flow after changes in Working Capital	-14.65	-27.25	-10.33
Tax Paid	-0.24	-0.15	-0.42
Extra & Other Item	0.00	0.00	0.00
Cash From Operating Activities	-14.89	-27.40	-10.74
Cash Flow from Investing Activities	0.89	0.24	-1.41
Cash from Financing Activities	14.17	27.39	12.02
Net Cash Inflow / Outflow	0.18	0.23	-0.14
Opening Cash & Cash Equivalents	0.21	1.68	1.91
Closing Cash & Cash Equivalent	0.39	1.91	1.77

Information Source: Ace Equity, Company Reports, IBEF, NSDL, Prime Database, Bloomberg, Thomson Reuters, Rating Agencies, CRISIL

Source: Company Reports, ACE Equity, Figures are on standalone basis, *CRAR for India infra debt fund is for 9M FY 2019.

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