

April 26, 2021

L&T Housing Finance Limited: Ratings withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Bank Lines Programme	2,900	0.00	[ICRA]AAA (negative); withdrawn
Non-Convertible Debenture Programme^	3,761.00	0.00	[ICRA]AAA(Negative); withdrawn
Subordinated Debt Programme	300.00	0.00	[ICRA]AAA (negative); withdrawn
Perpetual Debt Programme	100.00	0.00	[ICRA]AA+ (negative); withdrawn
Commercial paper programme	5,000.00	0.00	[ICRA]A1+; withdrawn
Total	12,061.00	0.00	

*Instrument details are provided in Annexure-1

^Instruments of Rs. 180 crore matured and fully repaid. Balance to be transferred to L&T Finance Limited.

Rationale

On March 20, 2020 L&T Finance Holdings Limited (LTFHL) had announced approval of scheme of amalgamation of L&T Finance Limited (LTF), L&T Housing Finance Limited (LTHFL) and L&T Infrastructure Finance Company Limited (LTIF) by the respective board of directors. The scheme of amalgamation has been approved by requisite NCLT branches and the scheme of amalgamation by way of merger by absorption of LTHFL and LTIF with LTF is effective from April 12, 2021.

As part of the scheme of amalgamation, LTHFL has been merged with LTF and the debt instruments of LTHFL have been transferred to LTF and in line with ICRA's Policy on Withdrawal of Credit Ratings, the ratings assigned for various debt programmes of LTHFL stand withdrawn.

The Key rating drivers, Liquidity position, Rating sensitivities have not been captured as the rated instruments are being withdrawn. The previous detailed rating rationale is available at the following link: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA's Credit Rating Methodology for Housing Finance Companies Policy on Withdrawal of Credit Ratings
Parent/Group Support	Not applicable
Consolidation/Standalone	<u>Not applicable</u>

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.

LTHFL reported a profit after tax (PAT) of Rs. 9 crore on a total asset base of Rs. 15,921 crore in 6MFY2021 compared to PAT of Rs. 46 crore on a total asset base of Rs. 15,068 crore in FY2020. As on September 30, 2020, the company had a net worth of Rs. 1,526 crore and a gearing of 9.3 times. The total loan portfolio of the company stood at Rs. 14,698 crore as on September 30, 2020 comprising of housing loans (53%), LAP (25%), construction finance loans (20%) and balance (1%) towards other loans.

L&T Finance Holdings Limited

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. The company is registered as an NBFC-CIC with the RBI. 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 Limited, an NBFC-IDF, was incorporated in 2013, with LTFHL and its subsidiaries together holding a 100% stake in the company.

LTFHL, through its subsidiaries, offers a diverse range of financial products and services across rural, housing and wholesale finance businesses. It also offers fund management and other non-fund based services, such as insurance and mutual fund distribution and financial advisory services (project finance and pre-bid advisory), through its subsidiaries. Following an initial public offering in July 2011, L&T's shareholding in LTFHL declined to 82.64% from 99.99% earlier. Following some open market transactions, L&T's shareholding reduced, currently L&T continue to hold a majority stake of 63.62% stake in LTFHL as on March 31, 2021.

On a consolidated basis, LTFHL reported PAT (prior to deduction of the one-time impact of DTA reversal due to tax rate change) of Rs. 683 crore on total income of Rs. 10,529 crore in 9MFY2021 compared to PAT of Rs. 1,315 crore on a total income of Rs. 11,137 crore in 9MFY2020. The consolidated entity's net worth was Rs. 15,509 crore as on December 31, 2020.

Key financial indicators

L&T Housing Finance Limited (In Rs. Crore)	FY2018	FY2019	FY2020	6MFY2021
Total Income	1,185	1,511	1,323	796
Profit after tax (PAT)	184	269	46	9
Net Worth	1,401	1,532	1,522	1,526
Total managed portfolio	11,334	11,443	13,536	14,698
Return on total assets (PAT/ATA)	1.77%	2.15%	0.33%	0.12%
Return on average net worth (PAT/Avg. net worth)	16.68%	18.38%	3.03%	1.19%
Gearing	7.3	7.3	8.8	9.3
Gross stage 3%	1.42%	1.88%	1.87%	1.81%
Net stage 3%	0.79%	1.28%	1.30%	1.12%
Net stage 3/ Net worth (%)	6.1%	9.4%	11.4%	10.7%
CRAR%	17.75%	17.69%	17.80%	15.97%

Source: Company, ICRA Research; All ratios as per ICRA calculations
PY figures for FY2018 calculation as per Ind-AS as on April 1, 2017

L&T Finance Holdings Limited (consolidated)	FY2018	FY2019	FY2020	6MFY2021
Total Income	10,266	13,302	14,584	7,132
Profit after tax (PAT)	1,278	2,232	2,174*	395
Net Worth	11,407	13,449	14,692	15,155
Lending business Book	85,354	99,121	98,384	1,00,258
Total assets	87,777	106,055	109,529	1,09,431
Return on average total assets (PAT/ATA)	1.59%	2.30%	2.02%*	0.72%
Return on average net worth (PAT/Avg. net worth) #	13.65%	17.91%	15.45%*	5.54%
Consolidated gearing (times)	6.60	6.80	6.39	6.13
Gross Stage 3	8.71%	5.90%	5.36%	5.19%
Net Stage 3	3.34%	2.40%	2.28%	1.67%
Net Stage 3/Net worth	22.68%	16.17%	14.14%	10.10%

* Prior to deduction of one-time DTA of Rs. 473.38 crore during FY2020 post transition to new tax regime. Net of one-time DTA impact, PAT during FY2020 stood at Rs. 1,700 crore translating into RoA and RoE of 1.58% and 12.08%.

#Excluding minority interest

Source: Company, ICRA Research Amount in Rs. Crore; ICRA calculations

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2022)				Chronology of rating history for the past 3 years				
		Type	Amount rated (Rs. crore)	Amount O/s as of Mar-31-21 (Rs. crore)	Date & Rating	Date & Rating in FY2021	Date & Rating in FY2020		Date & Rating in FY2019	
					Apr-26-21	Sep-30-20	Mar-31-20 Aug-30-19	Apr-9-19	Aug-28-18	Jul-27-18 May-4-18 Apr-20-18
1	CP Programme	Short Term	5,000.00	0.00	[ICRA]A1+; withdrawn	[ICRA]A1+;	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
2	NCD Programme	Long Term	3,761.00	1,534.30	[ICRA]AAA (negative); withdrawn	[ICRA]AAA (negative)	[ICRA]AAA (negative)	[ICRA]AAA (stable)	[ICRA]AAA (stable)	[ICRA]AA+ (stable)
3	Sub-Debt Programme	Long Term	300.00	164.00	[ICRA]AAA (negative); withdrawn	[ICRA]AAA (negative)	[ICRA]AAA (negative)	[ICRA]AAA (stable)	[ICRA]AAA (stable)	[ICRA]AA+ (stable)
4	Perpetual Debt Programme	Long Term	100.00	65.00	[ICRA]AA+(negative); withdrawn	[ICRA]AA+(negative)	[ICRA]AA+(negative)	[ICRA]AA+(stable)	[ICRA]AA+(stable)	[ICRA]AA (stable)
5	Bank Lines	Long Term-Fund based/Non-Fund Based	2,900.00	135.00	[ICRA]AAA (negative); withdrawn	[ICRA]AAA (negative)	[ICRA]AAA (negative)	[ICRA]AAA (stable)	[ICRA]AAA (stable)	[ICRA]AA+ (stable)

Source: Company, ICRA Research

Complexity level of the rated instrument

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate (In %)	Maturity Date	Amount Rated (Rs. Crore)	Current Rating and Outlook
INE476M07222	Non-Convertible Debenture	19-Sep-14	9.80%	17-Sep-21	50	[ICRA]AAA(negative); withdrawn
INE476M07263	Non-Convertible Debenture	7-Nov-14	9.45%	6-Nov-21	10	[ICRA]AAA(negative); withdrawn
INE476M07305	Non-Convertible Debenture	15-Dec-14	9.15%	15-Dec-21	20	[ICRA]AAA(negative); withdrawn
INE476M07347	Non-Convertible Debenture	16-Jan-15	9.20%	14-Jan-22	55	[ICRA]AAA(negative); withdrawn
INE476M07362	Non-Convertible Debenture	24-Feb-15	9.10%	24-Feb-22	10	[ICRA]AAA(negative); withdrawn
INE476M07487	Non-Convertible Debenture	16-Apr-15	8.95%	15-Apr-22	40	[ICRA]AAA(negative); withdrawn
INE476M07578	Non-Convertible Debenture	26-May-15	8.90%	26-May-25	30	[ICRA]AAA(negative); withdrawn
INE476M07636	Non-Convertible Debenture	5-Jun-15	8.90%	5-Jun-25	25	[ICRA]AAA(negative); withdrawn
INE476M07719	Non-Convertible Debenture	17-Jul-15	8.95%	17-Jul-25	10	[ICRA]AAA(negative); withdrawn
INE476M07743	Non-Convertible Debenture	28-Jul-15	8.90%	28-Jul-22	3	[ICRA]AAA(negative); withdrawn
INE476M07800	Non-Convertible Debenture	20-Oct-15	8.65%	20-Oct-22	32.5	[ICRA]AAA(negative); withdrawn
INE476M07891	Non-Convertible Debenture	18-Apr-16	8.75%	16-Apr-21	20	[ICRA]AAA(negative); withdrawn
INE476M07925	Non-Convertible Debenture	20-Apr-16	8.65%	20-Apr-26	5	[ICRA]AAA(negative); withdrawn
INE476M07941	Non-Convertible Debenture	5-May-16	8.70%	5-May-21	10	[ICRA]AAA(negative); withdrawn
INE476M07990	Non-Convertible Debenture	14-Jun-16	8.75%	14-Jun-21	25	[ICRA]AAA(negative); withdrawn
INE476M07AA6	Non-Convertible Debenture	1-Jul-16	8.75%	30-Jun-23	10	[ICRA]AAA(negative); withdrawn
INE476M07AD0	Non-Convertible Debenture	22-Jul-16	8.70%	21-Jul-23	16	[ICRA]AAA(negative); withdrawn
INE476M07AE8	Non-Convertible Debenture	22-Jul-16	8.70%	22-Jul-21	5	[ICRA]AAA(negative); withdrawn
INE476M07AF5	Non-Convertible Debenture	26-Jul-16	8.71%	26-Jul-21	60	[ICRA]AAA(negative); withdrawn
INE476M07AG3	Non-Convertible Debenture	28-Jul-16	8.70%	28-Jul-21	250	[ICRA]AAA(negative); withdrawn
INE476M07AH1	Non-Convertible Debenture	2-Aug-16	8.70%	2-Aug-21	168	[ICRA]AAA(negative); withdrawn
INE476M07AL3	Non-Convertible Debenture	9-Sep-16	8.34%	9-Sep-21	125	[ICRA]AAA(negative); withdrawn
INE476M07AN9	Non-Convertible Debenture	22-Sep-16	8.25%	22-Sep-21	20	[ICRA]AAA(negative); withdrawn
INE476M07AS8	Non-Convertible Debenture	25-Oct-16	7.90%	23-Oct-26	10	[ICRA]AAA(negative); withdrawn
INE476M07AV2	Non-Convertible Debenture	22-Feb-17	8.05%	22-Feb-22	10	[ICRA]AAA(negative); withdrawn

INE476M07BE6	Non-Convertible Debenture	19-Jun-17	7.72%	19-Jul-22	75	[ICRA]AAA(negative); withdrawn
INE476M07BI7	Non-Convertible Debenture	29-Sep-17	7.65%	29-Sep-22	200	[ICRA]AAA(negative); withdrawn
INE476M07BP2	Non-Convertible Debenture	12-Sep-18	8.71%	3-Aug-21	35	[ICRA]AAA(negative); withdrawn
INE476M07BQ0	Non-Convertible Debenture	24-Oct-18	9.40%	11-Oct-21	40.5	[ICRA]AAA(negative); withdrawn
INE476M07BR8	Non-Convertible Debenture	24-Oct-18	9.38%	11-Mar-22	137.3	[ICRA]AAA(negative); withdrawn
INE476M07BS6	Non-Convertible Debenture	11-Jan-19	8.90%	11-Jan-24	27	[ICRA]AAA(negative); withdrawn
INE476M08014	Subordinated Debt	29-Jan-15	9.35%	29-Jan-25	100	[ICRA]AAA(negative); withdrawn
INE476M08030	Subordinated Debt	14-Jul-15	9.32%	14-Jul-25	14	[ICRA]AAA(negative); withdrawn
INE476M08048	Subordinated Debt	24-Jul-15	9.30%	24-Jul-25	50	[ICRA]AAA(negative); withdrawn
INE476M08055	Perpetual Debt	30-Mar-16	9.90%	30-Mar-26	50	[ICRA]AA+(negative); withdrawn
INE476M08063	Perpetual Debt	3-Jun-16	9.60%	3-Jun-26	15	[ICRA]AA+(negative); withdrawn
INE476M07826	Non-Convertible Debenture	26-Oct-15	8.65%	26-Oct-20	25	[ICRA]AAA(negative); withdrawn
INE476M07859	Non-Convertible Debenture	27-Nov-15	8.60%	27-Nov-20	10	[ICRA]AAA(negative); withdrawn
INE476M07BH9	Non-Convertible Debenture	8-Sep-17	7.40%	8-Sep-20	125	[ICRA]AAA(negative); withdrawn
INE476M07867	Non-Convertible Debenture	25-Feb-16	8.86%	25-Feb-21	20	[ICRA]AAA(negative); withdrawn
NA	Non-Convertible Debenture^	NA	NA	NA	2046.7	[ICRA]AAA(negative); withdrawn
NA	Subordinated Debt^	NA	NA	NA	136	[ICRA]AAA(negative); withdrawn
NA	Perpetual Debt^	NA	NA	NA	35	[ICRA]AA+(negative); withdrawn
-	Commercial Paper^	-	-	7-365 days	5000	[ICRA]A1+; withdrawn
-	Bank Lines Programme	-	-	-	2900	[ICRA]AAA(negative); withdrawn

Source: Company; ^Yet to be placed/unutilised

Annexure-2: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
L&T Finance Holdings Limited	Holding Company	Full
L&T Finance Limited	Subsidiary	Full
L&T Infrastructure Finance Company Limited	Subsidiary	Full
L&T Housing Finance Limited	Subsidiary	Full
L&T Infra Debt Fund Limited	Subsidiary	Full
L&T Infra Investment Partners Advisory Private Limited	Subsidiary	Full
L&T Infra Investment Partners Trustee Private Limited	Subsidiary	Full
L&T Investment Management Limited	Subsidiary	Full
L&T Mutual Fund Trustee Limited	Subsidiary	Full
L&T Capital Markets Limited	Subsidiary	Full
L&T Financial Consultants Limited	Subsidiary	Full
Mudit Cement Private Limited	Subsidiary	Full
L&T Infra Investment Partners	Subsidiary	Full
L&T Capital Markets (Middle East) Limited	Subsidiary	Full

Source: annual report FY2020

ANALYST CONTACTS

Karthik Srinivasan

+91 22 6114 3444

karthiks@icraindia.com

Manushree Saggar

+91 124 4545 316

manushrees@icraindia.com

Sandeep Sharma

+91 22 6114 3472

sandeep.sharma@icraindia.com

Deep Inder Singh

+91 124 4545 830

deep.singh@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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ICRA Limited



Registered Office

1105, Kailash Building, 11th Floor; 26 Kasturba Gandhi Marg; New Delhi 110001
Tel: +91 11 23357940-50



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