



L&T Finance Holdings Limited

ICRA has reaffirmed the rating of [ICRA]AA+ (pronounced ICRA double A plus) to the Rs. 750 crore Non Convertible Debenture programme of L&T Finance Holdings Limited (LTFHL)[†]. The outlook on the long term rating of the company is 'Stable'.

The rating primarily factors in LTFHL's strong parent* (Larsen & Toubro Ltd (L&T) rated [ICRA]AAA/Stable) and the strategic importance of the finance vertical to the parent. The rating factors in ICRA's expectation of continued commitment by L&T in the form of management and capital support to LTFHL – the holding company for its financial services businesses. LTFHL is a non operating holding company with a well diversified business profile in the financial sector through its wholly owned subsidiaries operating in asset backed financing, infrastructure lending, non asset backed financing, microfinance, housing finance and mutual fund segments. Furthermore, LTFHL subsidiaries have leveraged L&T's strong brand reputation, franchise and long track record in the engineering and infrastructure sectors, to expand their businesses. The rating takes into consideration the good resource raising ability which LTFHL enjoys owing to the strong L&T brand name and the profitable operations for most of its subsidiaries. As on March 31, 2014 total debt /preference share outstanding of the company (standalone) stood at Rs. 1660 crore, out of which close to 60% are in the form of long dated preference shares. ICRA expects the liquidity profile of the company to be comfortable on the back of adequate dividend flow from subsidiaries, access to liquidity from investments in liquid funds and other marketable investments as well as its strong re-financing ability. As on March 31, 2014 gearing[†] level for the company was 0.47 times, while the regulatory leverage ratio[‡] was 0.23 times. ICRA also notes that LTFHL has the flexibility to raise additional capital to support the business plans of its subsidiaries without losing the status of an L&T subsidiary. Going forward, continuation of support from L&T and ability of LTHFL to maintain financial performance and asset quality indicators of its subsidiaries will remain the key rating sensitivities.

Company Profile

L&T Finance Holdings Limited

L&T Finance Holdings Limited (LTFHL) was originally incorporated as L&T Capital Holdings Ltd on May 1, 2008 and subsequently changed its name on September 6, 2010. The Company is registered as NBFC- Core Investment Company (CIC). The company is promoted by Larsen & Toubro Limited (L&T) as the holding company of the group's financial services companies. Subsequently L&T transferred its investments in L&T Infrastructure Finance Company Limited (LTIF), L&T Finance Limited (LTF) and L&T FinCorp Limited (L&T FinCorp) to LTFHL; these three companies are wholly owned subsidiaries of LTFHL. In October 2012 LTFHL acquired Indo Pacific Housing Finance Limited, which was renamed to L&T Housing Finance Limited and also acquired Family Credit Limited from Societe General Consumer Finance. LTFHL through its subsidiaries offers a diverse range of financial products and services across the corporate, retail asset financing, housing finance, consumer loans and infrastructure financing segments. LTFHL through its subsidiaries also offers fund management services through L&T Mutual Fund and other non fund based services such as Insurance and mutual fund distribution and Financial Advisory services (project finance advisory, Pre-bid Advisory and Equity Syndication) through its subsidiaries.

LTFHL came out with an Initial Public Offering (IPO) in July 2011, subsequent to which L&T's shareholding in the company declined to 82.64% as against 99.99% earlier. Subsequently through open market sales L&T shareholding in LTFHL has come down to 75% as on June 30, 2014.

[†] For Complete rating scale and definitions please refer to ICRA's Website www.icra.in or ICRA Rating Publications

^{*} 75% shareholding

[†] (Total Debt + Preference shares) / Reported Net worth

[‡] Outside liabilities / Adjusted Net worth



As on March 31, 2014 the company (standalone) reported a Profit after Tax (PAT) of Rs. 196 crore on an asset base of Rs. 5,333 crore against a PAT of Rs. 313.3 crore on an asset base of Rs. 5,511 crore a year ago. The standalone net worth of the company was Rs. 3,527 crore. On a consolidated basis LTFHL reported a PAT of Rs. 597 crore on an asset base of Rs. 44,861 crore against a PAT of Rs. 730 crore on an asset base of Rs. 36,570 crore. The consolidated net worth of the consolidated entity was Rs. 5,826 crore.

During the first quarter ended June 30, 2014 LTFHL (standalone) reported a loss of Rs. 5.58 crore against a loss of Rs. 1.23 crore during the corresponding period in the previous financial year. The company reported a loss during the first quarter of the year as dividend income from subsidiaries is received during the latter half of the financial year. On a consolidated basis the entity during the first quarter ended June 30, 2014 reported a PAT of Rs. 286 crore against a PAT of Rs. 145 crore during the corresponding quarter in the previous financial year.

Larsen & Toubro Limited

Larsen & Toubro Limited (L&T) (rated [ICRA] AAA with Stable outlook) is a leading engineering and construction company in India with a nationwide as well as international presence. It is headquartered in Mumbai. It has interests in infrastructure, power, metallurgical & material handling, heavy engineering, shipbuilding, electrical & automation, machinery and industrial products and realty. Apart from India, it has a significant presence in the Middle East. Through its subsidiaries, associate companies and joint ventures, the group is involved in hydrocarbon business, IT services, financial services, and infrastructure development ventures. For the financial year ending FY 2013-14 L&T on a standalone basis earned a profit after tax (PAT) of Rs 5493.13 Crore on net operating revenues of Rs 56,828.06 Crore.

Recent results:

For the first quarter FY 2014-15 L&T on a standalone basis earned a profit after tax (PAT) of Rs 894 Crore on net operating revenues of Rs 10,338 Crore.

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