

ANNEXURE A: IPO GRADING REPORTS

Annexure I

CARE assigns 'CARE IPO Grade 5' to the proposed IPO of L&T Finance Holding Ltd

Grading

Particulars	Issue size (Rs cr)	Grading
IPO Grading	1,750	'CARE IPO Grade 5'

CARE has assigned a 'CARE IPO Grade 5' to the proposed Initial Public Offer (IPO) of L&T Finance Holdings Ltd. (L&TFH). 'CARE IPO Grade 5' indicates 'Strong Fundamentals'. CARE assigns IPO grades on a scale of Grade 5 to Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals. CARE's IPO grading is an opinion on the fundamentals of the issuer. The grade assigned to any individual issue represents a relative assessment of the 'fundamentals' of the issuer.

Grading Rationale

The grading factors in the well diversified business profile of L&TFH in the financial sector through its direct & indirect subsidiaries that have good presence and track record in segments like retail finance, corporate finance, infrastructure finance and asset management amongst others. The grading further reflects strong consolidated financial position, comfortable liquidity position with strong resource raising ability and good asset quality of its subsidiaries. The grading reflects the strengths that the company derives from its parent Larsen and Toubro Ltd. (L&T), which is one of India's leading companies having presence in engineering, construction, electrical & electronic manufacturing and services, infrastructure, information technology, financial services and power. L&TFH is a strategically important subsidiary of L&T and its profile is strengthened by the management experience, technical expertise, corporate governance practices and brand value of the L&T group.

Background and Company Profile

L&TFH is promoted by L&T and was incorporated as L&T Capital Holdings Limited on May 01, 2008 under the Companies Act to carry on the business of investment/finance and received the certificate of commencement of business on May 15, 2008. Subsequently, the company changed the name to L&T Finance Holdings Limited from September 01, 2010 and received fresh certificate of incorporation from the Registrar of Companies on September 06, 2010. Prior to March 31, 2009 L&TFH had minimal operations with passive investments. It acquired 100% stake in L&T Finance Limited (LTF) and L&T Infrastructure Finance Limited (L&T Infra) on March 31, 2009. Major subsidiaries of L&TFH are given in the table below.

Name of Company	L&TFH shareholding %	Business
L&T Finance Ltd. (LTF)	100	Asset Financing (Corporate and Retail Financing)
L&T Infrastructure Finance Company Ltd. (L&T Infra)	100	Infrastructure Financing
L&T Investment Managers (L&T IM)*	100*	Asset Management Company of L&T Mutual Fund
L&T Mutual Fund Trustee Ltd. (L&T MFT)*	100*	Trustee to L&T Mutual Fund
India Infrastructure Developers Ltd. (IIDL)	100	SPV to finance captive power plant for Indian Petrochemicals Ltd.

*100% subsidiaries of LTF (therefore are indirect subsidiaries of L&TFH)

L&TFH is headquartered in Mumbai and has a presence through its subsidiaries in 23 states of India. As on February 28, 2011, L&TFH had 890 points of presence across India through 113 branches, 330 meeting centres, 414 customer care centres and 33 Kisan Gaurav Seva Kendras (centres to run schemes for financing the acquisition of farm equipment by farmers) across its major direct and indirect subsidiaries.

Management

L&TFH's top management is drawn from the promoter group (L&T). The management team comprises of senior managers having wide experience with the L&T group. Mr. Y. M. Deosthalee, Chief Financial Officer of L&T has been appointed as the Chairman of L&TFH and Mr. N. Sivaraman, Senior Vice President, Financial Services, L&T, is the President and Wholtime Director of L&TFH and looks after operations of L&TFH and oversees the businesses of its subsidiaries. L&TFH is a holding company and does not have standalone operations. The subsidiaries of L&TFH are managed by independent Chief Executives and respective management teams having vast industry experience. These entities

have representation from the L&T group on their Boards and their operations are looked after by respective management teams having vast industry experience.

Corporate Governance

Along with strong management the grading is supported by the good corporate governance practices adopted by the company supported by the L&T group which includes presence of various committees and independence of the board of directors.

L&TFH has constituted various committees including audit committee, shareholders/investors grievance committee, nomination, compensation & remuneration committee and an IPO committee which have directors of the company as members. L&TFH has six independent directors (out of 9 directors) which constitute majority of the board. The Board comprises of experienced professionals.

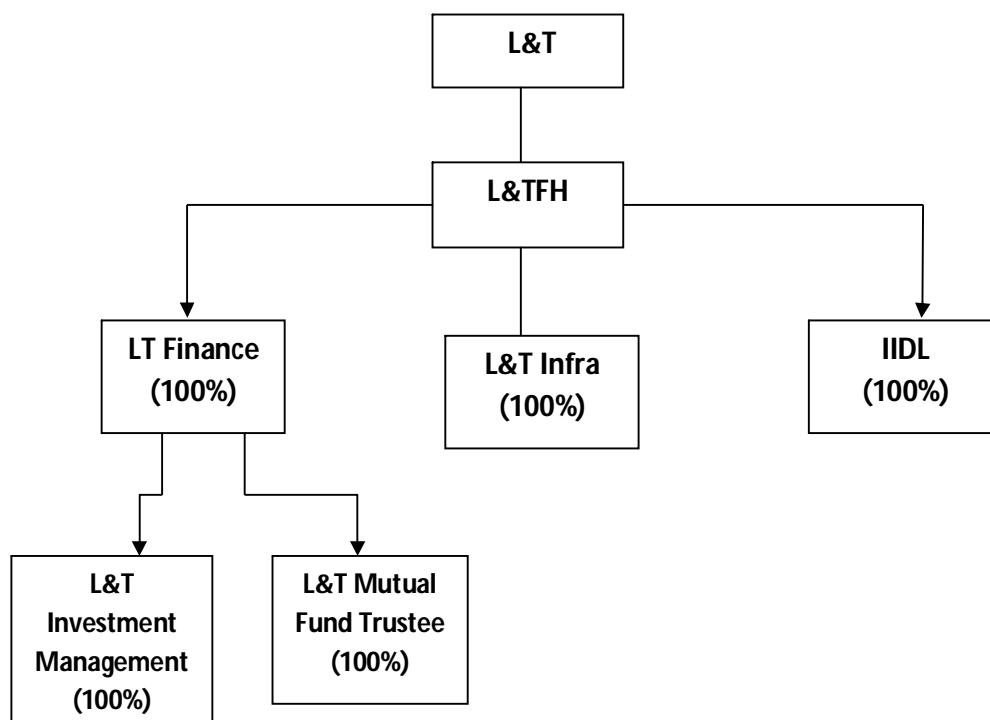
Its NBFC subsidiaries (LTF and L&T Infra) are governed by RBI regulations and have appointed their respective Asset Liability Management Committees and Risk Management Committees and are governed by their boards.

Business Operations

L&TFH is a holding company and has no direct operations. It provides financial services across the corporate, retail and infrastructure sectors and has presence in mutual fund products as well as investment management services through direct and indirect wholly owned subsidiaries. L&TFH has applied for registration with the Reserve Bank of India (RBI) as a 'Core Investment Company.'

Subsidiaries

L&TFH has two major subsidiaries (LTF and LT Infra) which constitute the majority of consolidated operations of the company. The holding structure of L&TFH is given below.

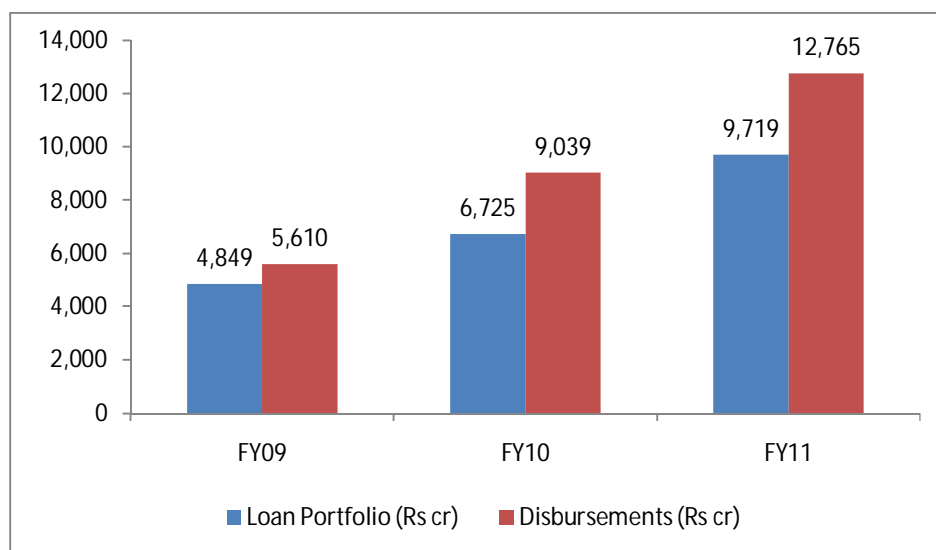


L&T Finance (LTF)

Key Financials of LTF

	(Rs cr)		
Year ended / As on	31.03.09	31.03.10	31.03.11
Total Income (gross of lease depreciation)	830	966	1,398
PAT	99	156	230
Net Worth	845	1,127	1,722
Total Assets	5,529	7,847	11,275
Overall Gearing	5.26	5.70	5.14
Return on Total Assets (ROTA) (%)	1.85	2.33	2.40
Return on Net Worth (RONW) (%)	12.61	15.87	16.17

Disbursements and Loan Portfolio for LTF



*disbursements excluding disbursements for IPO Financing

LTF is registered as Non Banking Finance Company Non-Deposit Taking-Systemically Important (NBFC-ND-SI) with the Reserve Bank of India (RBI). It has a long term rating of 'CARE AA+' and short term rating of 'PR1+' from CARE.

LTF was incorporated in 1994 and has a track record of more than 16 years of operations and has well diversified fund based activities across various segments. LTF operates through two major business verticals, namely Corporate Finance Group (CFG) and Retail Finance Group (RFG) based on the type of clientele.

The CFG mainly caters to the financing requirements of mid-sized corporates and SMEs through products like Construction Equipment Financing (Strategic), Vendor Financing, Dealer Financing, Asset backed Term Loans, Leasing, Hire Purchase, Sales-Aid Financing, Portfolio Purchases, Receivable Discounting and Loans against Securities. The division continuously explores possibilities of utilizing synergies provided by operations of L&T.

RFG mainly caters to the financing requirements of retail clientele across various segments such as Tractors, Commercial Vehicles, Construction Equipments (Retail), Micro Finance, etc. LTF has recently launched financial products distribution business which also forms part of RFG. LTF has a six member board out of which, four members are senior executives of L&T and two independent directors.

LTF reported PAT of Rs.230 crore on total income of Rs.1,398 crore during FY11. It reported Capital Adequacy Ratio (CAR) of 16.34% as on March 31, 2011. The operations of

LTF are looked after by professional management team headed by Mr. Dinanath Dubhashi as the Chief Executive.

Mutual Fund business (L&T Mutual Fund)

LTF's 100% subsidiary, L&T Investment Management Limited (L&TIM), conducts its investment management business which comprises the mutual fund segment (including the management, administration and distribution of L&T Mutual Fund) and the portfolio management services segment (including portfolio management and sub-advisory services). L&T Mutual Fund had average Assets Under Management (AUM) for the quarter Jan. '11 – Mar. '11 at Rs.4,029.84 crore. (source: www.amfiindia.com).

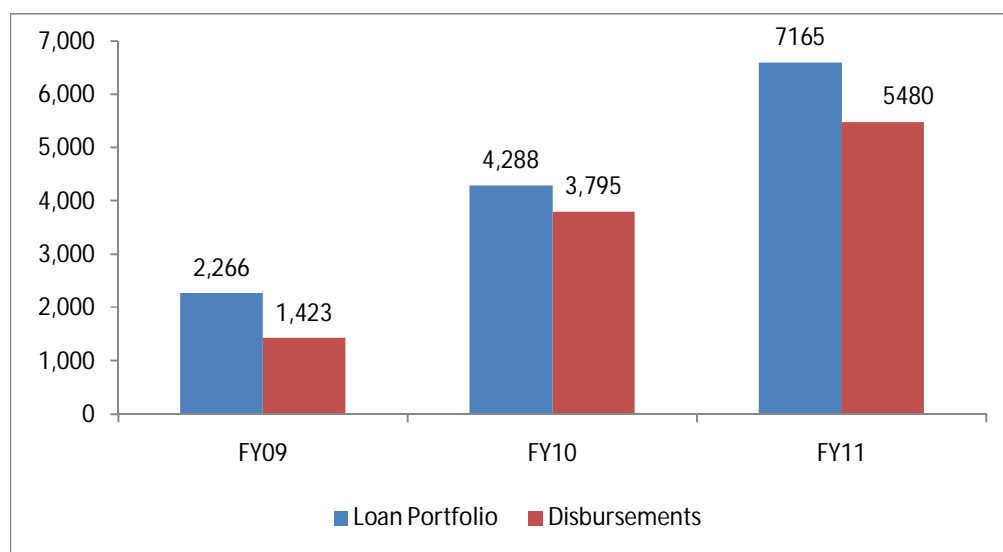
LTF acquired, L&TIM (formerly DBS Cholamandalam Asset Management Limited) on January 20, 2010, together with L&T Mutual Fund Trustee Limited (L&T MFTL)(formerly DBS Cholamandalam Trustee Limited), the trustee company for L&T Mutual Fund. Post acquisition, L&T MFTL got a fresh certificate of incorporation from the Registrar of Companies (ROC), Tamil Nadu, Chennai, Andaman & Nicobar Islands upon change of name from DBS Cholamandalam Trustees Limited to L&T Mutual Fund Trustee Limited on February 11, 2010.

L&T Infrastructure Finance Company Limited (L&T Infra)

Key Financials of L&T Infra

	(Rs cr)		
Year ended / As on	31.03.09	31.03.10	31.03.11
Total Income (net of lease depreciation)	296	450	704
PAT	76	111	201
Net Worth	624	1,000	1,235
Total Assets	2,407	4,329	7,646
Overall Gearing	2.84	3.24	5.02
Return on Total Assets (ROTA) (%)	3.53	3.29	3.35
Return on Net Worth (RONW) (%)	13.04	13.65	17.97

Disbursements and Loan Portfolio for L&T Infra



L&T Infra is into infrastructure financing. The RBI has granted L&T Infra the status of an Infrastructure Finance Company, which accords it benefits by way of ability to raise funds at lower costs compared to other NBFCs. It had major exposures to sectors like Power Generation, Road and Telecom sectors as on March 31, 2011.

L&T Infra's total outstanding infrastructure assets portfolio stood at Rs. 7165 crore as on March 31, 2011. Total disbursements registered good growth during FY11 to Rs.5,480 crore (FY10: Rs.3,795 crore).

L&T Infra reported PAT of Rs.201 crore on total income of Rs.704 crore during FY11 and CAR of 16.50% as on March 31, 2011. L&T Infra's liquidity position was comfortable as on March 31, 2011 and it had unutilized lines to meet any liquidity requirements. L&T Infra is a professionally managed company with Mr. Suneet Maheshwari as its Chief Executive who is assisted by experienced team of various group heads.

The company in June 2011 was also given a PFI status (Public Financial institution), amongst other things allows it access to the provisions of the SARFAESI Act for recoveries from delinquent customers.

India Infrastructure Developers Limited (IIDL)

IIDL was incorporated in 1997, as a special purpose vehicle to finance a captive power plant for Indian Petrochemicals Limited.

Subject to applicable regulatory approvals, IIDL plans to support the working capital requirements of small and medium enterprises and other corporate entities.

IPO Issue Details

L&TFH proposes to raise Rs.1,750 crore through the IPO. The objective of the issue is to augment the capital base of its wholly owned subsidiaries, L&T Infra and LTF which will enable them to meet the expected growth in their loan portfolio and meet regulatory requirements. L&TFH plans to infuse Rs.570 crore in L&T Finance Company Ltd., Rs.535 crore in L&T Infrastructure Finance Company Ltd., Rs.345 crore to repay inter corporate deposit issued by L&T and the remaining amount (net of IPO expenditure) would be spent for general corporate purposes like brand building exercise, acquiring fixed assets, day to day operational expenditure etc. of L&TFH.

Financial Performance of L&TFH

	(Rs cr)	
As on / Period ended	31.03.10 (A)	31.03.11 (A)
Consolidated	12 m	12 m
Income from Lease and Hire Purchase	48	66
Interest on Infrastructure Loans	439	644
Income from Bill Discounting	29	46
Interest from Financing Activity	879	1,281
Other Operating Income	6	26
Other Income	14	28
Total Income	1,424	2,115
Employee Cost	60	96
Administrative Expenses	150	216
Interest and Financial Charges	675	1,021
PBT	394	612
PAT	260	398
Net worth	2,349	2,890
Total Borrowings	9,727	15,916
Overall Gearing (times)	4.14	5.51
Interest Coverage (times)	1.58	1.60

*operations during FY09 were only for 11 months. Therefore, financial results for FY10 are not comparable to those for FY09.

Prior to March 31, 2009, L&TFH had minimal operations in the form of passive investments. Therefore effectively, FY10 was the first year of reporting consolidated numbers for L&TFH.

Both LTF and L&T Infra witnessed strong growth in business during FY11 which helped L&TFH report strong growth in total income and profit. During FY11, L&TFH had total loan portfolio of Rs.17,411 crore as on March 31, 2011.

Majority of the income was through financing activity under LTF contributing more than 66% of total income for FY11 while income from infrastructure financing contributed 30% of total income for FY11.

The consolidated gearing as on March 31, 2011 was moderate level at 5.51 times with interest coverage comfortable at 1.60 times as on March 31, 2011.

Industry Outlook

The NBFC sector showed significant growth during the last two years of FY10 and FY11 backed by strong growth in all the underlying sectors of infrastructure, commercial vehicles and overall industry.

The recent period also saw the entry and growth of new players in the market either backed by the product manufacturers or as the financing forays of large conglomerates. While the traditional product segments of commercial vehicle and construction equipment financing remain the core focus; segments such as loan against property, SME loans, loans against security have shown substantial growth.

Structurally the capital adequacy, liquidity and asset quality for most NBFCs has remained good. Capital adequacy has been driven to a large extent by the increasing regulatory requirements which have risen to a minimum of 15% from 31st March 2011 for non-deposit accepting NBFCs and from 31st March 2012 for deposit accepting NBFCs. Liquidity risk materialized significantly during the credit crisis in 2008 and since then most NBFCs have managed their ALM conservatively. Asset quality was weak for the unsecured lending portfolio during the credit crisis and was shunned as an asset class by the NBFC sector during the last few years. If we exclude the microfinance sector, NBFCs have focused solely on secured lending either through the security of income generating assets or through the security of property / shares collateral. This has the dual impact of improving the current asset quality and building a secured portfolio that is expected to have lower credit costs in future also.

The impact however was felt in terms of margins for most NBFCs in terms of their spreads as the focus towards secured lending reduced the scope for high interest rates on the asset side and conservative ALM with rising interest rates affected borrowing costs.

Going forward the key factors affecting NBFC space are regulatory environment, interest rates, competition and overall economic growth.

The RBI has either changed some regulations or is in the process of reviewing some of them which may affect the NBFC sector. The indirect priority sector tag from loans given by banks to NBFCs has been withdrawn (except for qualifying MFI NBFCs). This may affect the borrowing costs for loans taken by NBFCs from banks as they would have to be on purely commercial terms as against a mix of commercial and priority sector considerations earlier. In addition the RBI has set up a committee to review the entire priority sector regulations post which this aspect is expected to become clearer. Also the draft securitization guidelines placed by RBI last year are yet to be finalized. Overall the regulatory scenario for NBFCs is being reviewed by RBI with a view to reduce 'regulatory arbitrage' between Banks and NBFCs. While these changes have made the environment challenging for many players, the stronger NBFCs are expected to manage the higher compliance costs. Increased RBI interest in the sector also reflects the systematic importance of the sector which is a positive development.

Interest rates have been continuously rising with increasing domestic inflation. The ability of NBFCs to pass on the costs without affecting the asset quality is a key factor to be monitored. In addition there is increased competition in the space with the entry of new players which may not allow lenders to pass on the full increase in their borrowing costs. A high interest rate environment is also likely to impact demand for credit. Generally till the high interest rate scenario is maintained, NBFCs spread is expected to reduce as it would be difficult to pass on the entire rate increase.

L&TFH has a long track record of operations under its various business segments and has seen several business cycles. While the current overall environment for NBFCs is challenging in terms of profitability; given the diversified business segments in which it operates and the benefits of group strength controlling its borrowing costs, L&TFH is expected to perform well going forward.

Analyst Contact

Name: Ashvini Patil

Tel# 022-6754 3431

Email: ashvini.patil@careratings.com

Name: Vijay Agarwal

Tel# 022-6754 3416

Email: vijay.agarwal@careratings.com

DISCLAIMER:

CARE's IPO grading is a one time assessment and the analysis draws heavily from the information provided by the issuer as well as information obtained from sources believed by CARE to be accurate and reliable. However, CARE, does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CARE's IPO grading does not take cognizance of the price of the security and it is not a recommendation to buy, sell or hold shares/securities. It is also not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud. It is also not a forecast of the future market performance and the earnings prospects of the issuer; also it does not indicate compliance/violation of various statutory requirements. CARE shall not be liable for any losses incurred by users from any use of the IPO grading.



L&T Finance Holdings Limited

ICRA has assigned an '**IPO Grade 5**', indicating strong fundamentals to the proposed initial public offering of L&T Finance Holdings Limited (LTFHL). ICRA assigns IPO grading on a scale of IPO Grade 5 through IPO Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals. LTFHL is proposing to come out with an Initial Public Offer through issue of a yet to be determined number shares of face value Rs 10/- at a yet to be determined premium, subject to a total issue size of Rs. 1,750 crore. Larsen & Toubro (L&T) is LTFHL's parent with a 99.99% stake. The offer would be made through the 100% book building route. Of the net offer, 50% is reserved for Qualified Institutional Buyers (QIBs), 15% for non-institutional investors and 35% for the retail investors. Post IPO, the shares will be listed on the National Stock Exchange and Bombay Stock Exchange. The objects of the offer are to augment the capital base of subsidiary companies L&T Finance Limited (LTF) by Rs. 570 crore and L&T Infrastructure Finance Company (LTIF) by Rs. 535 crore in order to support their capital requirements arising out of the expected growth in their assets and for also compliance of their regulatory capital adequacy requirements. Proceeds from the IPO would also be utilized towards repayment of inter-corporate of Rs. 345 crore issued by LTFHL's parent L&T and for other general corporate purposes or further capital support in the subsidiary companies in . While assigning the IPO grade to LTFHL, the holding company, ICRA has evaluated the company's consolidated financials, which includes its subsidiaries L&T Finance Limited (LTF), L&T Infrastructure Finance Limited (LTIF) L&T Investment Management Limited (LTIM)* and India Infrastructure Developers Limited (IIDL) to evaluate its business fundamentals as well as financial strengths.

The strong fundamental grading factors include high growth prospects for the subsidiaries of LTFHL, their good competitive position to exploit the growth opportunities on the strength of their sound knowledge, good linkages in the infrastructure space, good systems and processes, access to long term funds at competitive rates and strong financial flexibility. During FY 2011 LTFHL's combined loan book (on books) registered a healthy y-o-y growth of 59%, and as on March 31, 2011 the company had a loan portfolio of Rs. 17,506 crore, out of which 65% were larger ticket exposures, balance 35% were retail loans. The proposed IPO would improve the group's position to take higher exposures (consolidated Net worth would increase to over Rs 5000 crore post the IPO) as well as provide capital for funding growth. Leveraging[†] level of the company is at a 5.51 times as on March 31, 2011, while the Tier 1 capital % for LTF and LTIF is at 15.44% and 16.26% respectively as against the regulatory Tier 1 capital requirement of 10% (total capital requirement of 15%), therefore the company could improve on its return on equity through higher leveraging. Further, increase in the scale of non fund based businesses including portfolio management services, mutual fund and insurance distribution and project advisory services could improve the return on equity, which was at 15.2% during 2011-12. Financial services is one of the core verticals of L&T and LTFHL is likely to continue to benefit from the close supervision, monitoring and support of L&T's management and board over its operations. The grading also benefits from strong financial profile of the lending subsidiaries, which are rated at LAA+(stable) / A1+ by ICRA and good corporate governance practices at L&T.

As on March 31, 2011 the company's large loan book was predominantly in the infrastructure segment (46% of portfolio), followed by Corporate and Receivable discounting loans, vendor and dealer financing loans, and Loan against Share (LAS).

In the infrastructure lending segment, where ticket sizes are fairly large (ranging from Rs. 100 crore - Rs. 300 crore), LTFHL through its subsidiaries has a diversified loan portfolio across various industries including power generation, telecom, roads, Oil and gas, urban infrastructure etc and as on March 31, 2011 the company registered a strong y-o-y portfolio growth of 68% respectively (against a y-o-y banking system growth in infrastructure of 38.6%). While the infrastructure segment is subject to competition from other lenders, as part of the L&T group LTFHL through its subsidiaries is expected to be in a position to take advantage of the current and expected thrust on infrastructure development in the country and grow profitably on account of its good relationships and strong technical and

* LTIM is a subsidiary of LTF

† Reported Debt / Reported Net worth



operational expertise it enjoys. Since the inception L&T Infra has consolidated its position in the infrastructure segment, it has acquired talent pool from the financial services industry which coupled with the close association with L&T provides it with access to strong project assessment skills which mitigates the risk.

LTFHL through its subsidiaries offers corporate loans to Corporate / SME customers and has been able to maintain good asset quality in the segment. In the corporate lending segment, LTFHL through its subsidiaries also benefits from the strong linkages from its parent L&T by financing participants within its supply chain (bill discounting & vendor financing), which puts it in a superior position to assess credit quality of customers while expanding its book profitably. In addition to the L&T ecosystem, the company has also diversified its supply chain business to large corporates. In the LAS segment the company primarily targets the promoter funding segment and maintains conservative lending norms to mitigate the risks associated with this business.

In the retail customer segment, which accounted for 35% of total portfolio as on March 31, 2011, LTFHL focuses on financing income generating assets and the portfolio consists of loans in the Construction Equipment segment (CEF), the Commercial Vehicle segment (CV), tractor segment and Micro finance segment. While in the past the company had faced issues on asset quality in the CV and CEF segments, following a subsequent tightening of lending and appraisal norms, re-alignment of disbursements towards stronger credit profiled customers and re-structuring of recovery and collection initiatives, the company has been able to improve its asset quality on the fresh originations and its existing portfolio. LTFHL has an established and wide distribution network, which along with the company's established franchise should enable it to be in a position to tap the growth potential in the CV and CEF segments, which are closely linked to economic indicators. However it would be important for the company to ensure a strict control over its asset quality in order to maintain its risk adjusted returns as it expands in the retail segment. ICRA has evaluated the company's exposure to the Micro Finance segment, and its exposure to the state of Andhra Pradesh, where since October 2010 operations and recovery rates across the industry, including that of LTFHL, have been significantly disrupted on account of the issue of the "Andhra Pradesh Micro Finance Institutions Ordinance, 2010" by the government of Andhra Pradesh. In light of the low collection levels from the state LTFHL made accelerated provisions on this portfolio in FY 2011 and in ICRA's view the size of LTFHL's un-provided exposure in Andhra Pradesh is not significant in relation to the overall size of the its balance sheet and is not likely to have material impact on its financial profile.

About the Company

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 promoted by Larsen & Toubro Limited (L&T) as the holding company of the group's financial services companies; L&T holds a 99.99% shareholding in the company as on September 30, 2010. In March 2009 L&T transferred its investments in L&T Finance Limited (LTF) and L&T Infrastructure Finance Company Limited (LTIF) to LTFHL and these companies subsequently became wholly owned subsidiaries of LTFHL. Besides LTF and LTIF, LTFHL's third wholly owned subsidiary is India Infrastructure Developers Limited (IIDL). LTFHL through its subsidiaries offers a diverse range of financial products and services across the corporate, retail and infrastructure financing segments. The company 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.

As at May 31, 2011, the company through its subsidiaries had 837 points-of-presence across India, comprising 117 branch offices, 269 meeting centers, 37 KGSK centers (Kisan Gaurav Seva Kendra) and 414 customer care centers across all of our business groups and segments.



Based on reported financial for the financial year ended March 31, 2011 LTFHL (consolidated) reported a Profit After Tax of Rs. 398.3 crore on an asset base of Rs. 19902.65 crore[‡]. As on March 31, 2011 LTFHL had a 4.68% stake in Federal Bank and an 4.78% stake in City Union Bank. As on March 31, 2011 the company had un-realized gains on these investments amounting to Rs. 269 crore (or 9.32% of its Net worth).

L&T Finance Limited

L&T Finance Limited (LTF) (rated by ICRA at LAA+/Stable), was formed as a 100% subsidiary of Larsen & Toubro Limited (L&T) in 1994. L&T formed L&T Financial Holdings Ltd (formerly known as L&T Capital Holdings Ltd) to hold all investments in financial services including L&T Infra and L&T Finance. Consequently, the entire shareholding was transferred to L&T Finance Holdings Ltd, a subsidiary of L&T in March 2009. LTF is registered as a systemically important Non-Banking Finance Company, and its core business segments are divided into corporate finance group (CFG) and Retail finance group (RFG). LTF has traditionally been engaged in financing construction equipment and providing working capital finance to mid-sized corporates. During the past seven years, LTF has also diversified into Commercial Vehicle (CV), tractor finance, finance of dealers and vendors, Microfinance, loan against securities and distribution of financial products.

LTF on January 20, 2010 acquired DBS Cholamandalam Asset Management Limited, DBS Cholamandalam Trustees Limited, and DBS Chola Mutual Fund. These companies were subsequently in February 2010 renamed L&T Investment Management Limited (LTIM), L&T Mutual Fund Trustee Limited and L&T Mutual Fund respectively. As on March 31, 2011 total Assets under Management (AUM) under the various equity, debt and hybrid schemes offered aggregated to Rs. 3,334 crore.

LTF's reported a 47% growth in net profits to Rs. 230.46 crore for the year ended March 31, 2011, on a reported asset base of Rs. 11433.83 crore[§]. The gross NPA% of the company stood at 1.42% as on March 31, 2011 while the net NPA% were at 0.78%.

L&T Infrastructure Finance Company Limited

LTIF (rated by ICRA at LAA+/Stable) was formed as a 100% subsidiary of Larsen & Toubro Limited (L&T) in April 2006 and began operations in January 2007. L&T formed L&T Financial Holdings Ltd (formerly known as L&T Capital Holdings Ltd) to hold all investments in financial services including L&T Infra and L&T Finance. Consequently, the entire shareholding was transferred to L&T Finance Holdings Ltd, a subsidiary of L&T in March 2009. L&T Infra is registered as an NBFC-IFC (Infrastructure Finance Company) and is engaged in the business of financing infrastructure projects, including Power, Roads, Telecom, Oil & Gas, Ports etc. The company in June 2011 was also given a PFI status (Public Financial institution), amongst other things allows it access to the provisions of the SARFAESI Act for recoveries from delinquent customers. Formed with an initial equity of Rs. 500 crore from the Parent, the company intends to leverage L&T's domain knowledge in the engineering and construction space to provide infrastructure financing solutions through a mix of debt, sub-debt, quasi-equity and equity participation. L&T Infra operates from its offices in Mumbai, Delhi, Chennai and Hyderabad.

As on March 31, 2011, L&T Infra had a total portfolio of Rs. 7187 crore primarily in the nature of term loans and investment in infrastructure projects and registered a growth of 75% over March 31, 2010. The company's gross NPA% stood at 0.67% while the net NPA% was 0.53% as on March 31, 2011.

[‡] Source DRHP

[§] Source : DRHP



Larsen & Toubro Limited

Larsen & Toubro Limited (L&T) (rated by ICRA at LAAA/ Stable) 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 Engineering & Construction (E&C), electrical and electronics and machinery and industrial products, Information Technology and Financial Services.. It is the market leader in the electrical and electronic business in India, and enjoys a dominant market share in low tension switchgears. It also has operations in the US, Middle East, Asia and Europe. Through its total of 119 subsidiaries, 23 associate companies and 12 joint ventures as of 31 March 2011, the group is involved in IT services, financial and infrastructure development activities. The E&C which is the largest business segment for L&T is involved in engineering, procurement and commissioning of large projects under oil & gas, infrastructure, power, metals & minerals. It has also presence in heavy engineering which includes nuclear, marine and aviation sectors. The Electrical and Electronics segment manufactures range of products including switchgears, switchboards, metering equipments, medical devices and control and automation systems. The Machinery and Industrial products segment deals in manufacturing of construction machinery and equipments like hydraulic and material handling equipments and are also involved in valves and industrial machinery products.. For the financial year ending FY2010-11 L&T on a standalone basis reported a profit after tax (PAT) of Rs 3957.89 Crore on an income of Rs 43904.91 Crore.

June 2011

For further details please contact:

Analyst Contacts:

Ms. Vibha Batra, (Tel. No. +91 124 4545302)
vibha@icraindia.com

Relationship Contacts:

Mr. L. Shivakumar, (Tel. No. +91-22-30470005)
shivakumar@icraindia.com

© Copyright, 2011, ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA

Disclaimer: Notwithstanding anything to the contrary: An ICRA IPO grade is a statement of current opinion of ICRA and is not a statement of appropriateness of the graded security for any of the investors. Such grade is assigned with due care and caution on the basis of analysis of information and clarifications obtained from the issuer concerned and also other sources considered reliable by ICRA. However, ICRA makes no representation or warranty, express or implied as to the accuracy, authenticity, timeliness, or completeness of such information. An ICRA IPO grade is not (a) a comment on the present or future price of the security concerned (b) a certificate of statutory compliance and/or (c) a credit rating. Further, the ICRA IPO grade is not a recommendation of any kind including but not limited to recommendation to buy, sell, or deal in the securities of such issuer nor can it be considered as an authentication of any of the financial statements of the company, and ICRA shall not be liable for any losses incurred by users from any use of the grade in any manner. It is advisable that the professional assistance be taken by any prospective investor in the securities of the company including in the fields of investment banking, tax or law while making such investment. All services and information provided by ICRA are provided on an "as is" basis, without representations and warranties of any nature.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. The ICRA ratings are subject to a process of surveillance which may lead to a revision in ratings. Please visit our website (www.icra.in) or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. All information contained herein must be construed solely as statements of opinion and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents



You can reach us at any of our offices:

Registered Office

ICRA Limited

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office

Mr. Vivek Mathur

Mobile: **9871221122**

Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax: +91-124-4545350

Mumbai

Mr. L. Shivakumar

Mobile: **91-22-30470005/9821086490**

Email: shivakumar@icraindia.com

3rd Floor, Electric Mansion, Appasaheb Marathe Marg,
Prabhadevi, Mumbai - 400 025
Ph : +91-22-2433 1046/ 1053/ 1062/ 1074/ 1086/ 1087
Fax : +91-22-2433 1390

Kolkata

Ms. Anuradha Ray

Mobile: **91-33-22813158/9831086462**

Email: anuradha@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna, 234/ 3A, A.J.C. Bose
Road, Kolkata-700020.
Tel: +91-33-2287 6617/ 8839/ 2280 0008
Fax: +91-33-2287 0728

Chennai

Mr. Jayanta Chatterjee

Mobile: **9845022459**

Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre, 498 Anna Salai, Nandanam,
Chennai-600035.
Tel: +91-44-2433 3293/ 94, 2434 0043/ 9659/ 8080, 2433
0724, Fax:91-44-24343663

Bangalore

Mr. Jayanta Chatterjee

Mobile: **9845022459**

Email: jayantac@icraindia.com

2 nd Floor, Vayudhoot Chambers, Trinity Circle, 15-16
M.G.Road, Bangalore-560001.
Tel:91-80-25597401/ 4049 Fax:91-80-25594065

Ahmedabad

Mr. L. Shivakumar

Mobile: **9821086490**

Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,
Ahmedabad- 380006
Tel: +91-79-26585494, 26582008, 26585049, 26584924
TeleFax: +91-79- 2648 4924

Pune

Mr. L. Shivakumar

Mobile: **9821086490**

Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range Hills
Road, Shivajinagar, Pune-411 020
Tel : (91 20) 2556 1194 -96; Fax : (91 20) 2556 1231

Hyderabad

Mr. M.S.K. Aditya

Mobile: **9963253777**

Email: adityamsk@icraindia.com

301, CONCOURSE, 3rd Floor, No. 7-1-58, Ameerpet,
Hyderabad 500 016.
Tel: +91-40-2373 5061 /7251 Fax: +91-40- 2373 5152