August 15, 2025

National Stock Exchange of India Limited
Exchange Plaza
Plot No. C/1, G Block,
Bandra – Kurla Complex, Bandra (East),
Mumbai – 400051

Symbol: LTF

BSE Limited
Corporate Relations Department,
1st Floor, New Trading Ring,
P.J. Towers, Dalal Street,
Mumbai – 400001

Security Code No.: 533519

Kind Attn: Head – Listing Department / Dept of Corporate Communications

Sub: Disclosure under Regulation 30 and 51 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")

Dear Sir / Madam,

Pursuant to Regulation 30 and 51 read with Schedule III of the Listing Regulations and other applicable provisions, if any, we hereby inform that S&P Global Ratings vide their rating release dated August 14, 2025, has upgraded the credit rating of the Company as under:

Sr. No.	Particulars	Upgraded Rating	Existing Rating
1	Long Term Issuer Credit Rating	BBB / Stable	BBB- / Positive
2	Short Term Issuer Credit Rating	A-2	A-3

The aforesaid rating was received by the Company on August 14, 2025 at 9:18 p.m. (IST) and has also been sighted on the website of S&P Global Ratings simultaneously.

Please find enclosed herewith the relevant extract of the release (including the rationale for the upgrade) for your reference.

We request you to take the aforesaid on records.

Thanking you,

Yours faithfully,

For **L&T Finance Limited**
(formerly known as L&T Finance Holdings Limited)

SACHINN ROOPNARAYAN JOSHI
Digitally signed by SACHINN ROOPNARAYAN JOSHI
Date: 2025.08.15 12:02:59 +05'30'

Sachinn Joshi
Chief Financial Officer

L&T Finance Limited
(formerly known as L&T Finance Holdings Limited)
Registered Office
Brindavan, Plot No. 177, C.S.T Road
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Ten Indian Financial Institutions Upgraded Following Sovereign Action; Outlooks Stable

August 14, 2025

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- We expect India's sound economic fundamentals to underpin growth momentum over the next two to three years. In addition, monetary policy settings have become increasingly conducive to managing inflationary expectations. We therefore upgraded India to 'BBB/Stable/A-2' from 'BBB-/Positive/A-3'.
- India's financial institutions will continue to ride the country's good economic growth momentum. These entities will benefit from their domestic focus and structural improvements in the system such as in the recovery of bad loans.
- We expect India's banks to maintain adequate asset quality, good profitability, and enhanced capitalization over the next 12-24 months. This is despite some pockets of stress.
- We raised our long-term issuer credit ratings on seven Indian banks and three finance companies. We have also revised upward our assessment of the stand-alone credit profiles (SACP) of seven of these entities.

SINGAPORE (S&P Global Ratings) Aug 14, 2025--S&P Global Ratings today upgraded 10 Indian financial institutions (see list below). This follows a similar action on the sovereign credit rating on India (BBB/Stable/A-2). We have also raised the issue and program ratings on these entities by one notch.

Upgrades of Indian financial institutions

	To	From
Banks		
HDFC Bank Ltd.	BBB/Stable/A-2	BBB-/Positive/A-3
ICICI Bank Ltd.*	BBB/Stable/A-2	BBB-/Positive/A-3
State Bank of India	BBB/Stable/A-2	BBB-/Positive/A-3
Axis Bank Ltd.	BBB/Stable/A-2	BBB-/Positive/A-3
Kotak Mahindra Bank	BBB/Stable/A-2	BBB-/Positive/A-3
Union Bank of India	BBB/Stable/A-2	BBB-/Positive/A-3
Indian Bank	BBB/Stable/A-2	BBB-/Positive/A-3
Finance companies		
Bajaj Finance Ltd.	BBB/Stable/A-2	BBB-/Positive/A-3
Tata Capital Ltd.	BBB/Stable/A-2	BBB-/Positive/A-3

Upgrades of Indian financial institutions

	To	From
L&T Finance Ltd.	BBB/Stable/A-2	BBB-/Positive/A-3

*Foreign currency rating only.

We revised upward our assessment of the stand-alone credit profiles of State Bank of India, Axis Bank Ltd., Kotak Mahindra Bank, Union Bank of India, Indian Bank, Tata Capital Ltd., and L&T Finance Ltd. by one notch each due to likely improvement in their risk adjusted capital (RAC) ratios. The gains will be driven by fresh capital raising or benefits from lower risk weights due to a reduction in economic risk and the sovereign upgrade.

The ratings on many Indian financial institutions are capped by our sovereign rating on India. This is due to the direct and indirect influence that the sovereign has on financial institutions operating in the country.

In our view, some of the factors benefiting the sovereign's creditworthiness will have a positive effect on operating conditions for financial institutions in India. In particular, infrastructure spending will likely pave the way for robust economic growth, which will support banks' asset quality (see "India Upgraded To 'BBB' On Economic Resilience And Sustained Fiscal Consolidation; Outlook Stable," published Aug. 14, 2025).

The insolvency and bankruptcy code (IBC) has improved the payment culture and rule of law in India. The code, introduced in 2016, has tilted the balance in favor of the creditors. It has also promoted a credit culture that encourages restructuring of going-concern entities. The IBC has reduced the average resolution time for bad loans to less than two years now, according to official data, from six to eight years earlier. Recovery values have also improved to more than 30%, from 15%-20% under the previous bankruptcy regime.

As such, we believe credit risk in the system has reduced. Accordingly, we have revised upward our economic risk assessment for the Indian banking system to '5' from '6'. Our Banking Industry Country Risk Assessment (BICRA) for India remains unchanged at group '5'. And the economic and industry risk trend remains stable.

The asset quality of Indian banks will remain healthy. This reflects structural improvements in operating conditions and good economic prospects. Credit losses could inch up to 0.8%-0.9% over the next 12-24 months from decade-low levels of 0.6% in fiscal 2025 (ended March 31, 2025). However, they will compare favorably with long-term average credit costs of 1.5%. Pockets of stress have emerged in some asset classes, namely small-ticket unsecured personal loans, credit cards, commercial vehicle financing, and microfinance loans. These segments have grown rapidly over the past few years and have contributed to incremental growth in nonperforming loans.

We believe underwriting standards for secured retail loans are healthy in the Indian banking system, and delinquencies will remain manageable. Tightening regulations and stricter guardrails in microfinance should also contain asset-quality strains.

India's sound growth prospects and falling interest rates will also support banks' asset quality. We project the banking sector's weak loans (including standard restructured advances) will remain at 3.0%-3.1% of gross loans at the end of March 2026, in line with the decade low of 3.0% as of March 31, 2025.

The rise in credit costs and a possible dip in margins could drive down the return on average assets (RoAA) of Indian banks to 1.2%-1.3% in fiscal 2026, comparable to that of global peers.

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L&T Finance Ltd.

(Primary analyst: Sue Ong)

Our upgrade on L&T Finance follows a similar rating action on the India sovereign rating.

At the same time, we revised upwards our assessment of L&T Finance's SACP to 'bbb-' from 'bb+' to reflect our view that the company will maintain its strengthened capital levels over the next 12-24 months. We estimate L&T Finance's RAC ratio will be 15%-20% over the next two years, benefiting from the improving economic conditions in India. Its RAC ratio was 19.7% as of March 31, 2025.

We expect L&T Finance's risk profile to improve as the company shifts toward more diversified retail lending. Economic growth should also help reduce legacy wholesale and security receipt exposures. Credit costs, while improving, will likely remain on the higher side compared with those of some rated peers, given the company's focus on loans to more vulnerable borrowers.

Outlook

The stable rating outlook reflects our expectation that L&T Finance will continue to benefit from being part of the Larsen & Toubro group. The company's linkages with the strong Larsen & Toubro brand should help solidify its market position, and access preferential funding sources while maintaining a good capital position over the next two years.

Downside scenario

We could downgrade L&T Finance if its relationship with Larsen & Toubro group weakens substantially.

Upside scenario

We consider an upgrade to be less likely over the next few years because it would require an upgrade of parent Larsen & Toubro and raising our sovereign credit ratings on India.

Rating Component Scores

	To	From
Issuer credit rating	BBB/Stable/A-2	BBB-/Positive/A-3
SACP	bbb-	bb+
Anchor	bb+	bb+
Business position	Adequate (0)	Adequate (0)
Capital and earnings	Very Strong (+2)	Strong (+1)
Risk position	Moderate (-1)	Moderate (-1)
Funding and liquidity	Adequate and Adequate (0)	Adequate and Adequate (0)
Comparable ratings analysis	0	0
Support	+1	+2
ALAC support	0	0
GRE support	0	0
Group support	Strategically important (+1)	Strategically important (+2)
Sovereign support	0	0
Additional factors	0	-1

BICRA Snapshot

	To	From
BICRA group	5	5
Economic risk	5	6
Economic resilience	4	4
Economic imbalances	2	2
Credit risk in the economy	4	5
Trend	Stable	Stable
Industry risk	5	5
Institutional framework	4	4
Competitive dynamics	4	4
Systemwide funding	2	2