

L&T Finance Limited January 23, 2023

Credit Update

L&T Finance Limited (CARE AAA/PP-MLD AAA/AA+; Stable /A1+) (hereafter referred to as LTF) vide its press release dated Jan 13, 2023, has intimated the stock exchange that the Board of directors of LTF has approved the amalgamation of LTF, L&T Infra Credit Limited ("LTICL") and L&T Mutual Fund Trustee Limited ("LTMFTL"), wholly owned subsidiaries (held directly or indirectly) of L&T Finance Holdings Limited (LTFHL; Amalgamated Company) (LTF, LTICL and LTMFTL are collectively referred to as "Amalgamating Companies") with the Amalgamated Company, by way of merger by absorption pursuant to a scheme of arrangement under the provisions of Sections 230 - 232 read with Section 52 of the Companies Act, 2013, and other applicable regulatory requirements.

The merger is subject to regulatory approvals (including approval from the Reserve Bank of India [RBI], the Securities and Exchange Board of India [SEBI], Stock exchanges, and the National Company Law Tribunal [NCLT] and requisite approvals of the shareholders and/or creditors of the Company, if so, directed by the NCLT.

CARE takes cognizance of the above developments and does not expect any change in the credit profiles of the companies by virtue of all the amalgamated entities being directly or indirectly wholly owned subsidiaries of LTFHL and having operational, business, and managerial linkages by way of common promoter, risk management policies, treasury functions and other common ecosystem. Further, LTFHL, being the holding company for the financial services business of the L&T group, CARE Ratings has taken a consolidated approach for arriving at the rating.

Analytical Approach

LTFHL, is the holding company for the financial services business of the L&T group, which owns (directly and indirectly) 100% in all of its lending subsidiaries. CARE Ratings has taken a consolidated approach for arriving at the rating given high business, operational and management linkages. CARE Ratings has also factored in the linkages with L&T Limited, which is the ultimate parent entity.

Please refer to the following link for the previous press release that captures key rating factors and rating sensitivities: [Click here](#)

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About us:

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The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

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