





# A.K. Stockmart Pvt. Ltd.



Public Issue of Secured Redeemable Non-Convertible  
Debentures  
of  
**L&T FINANCE LIMITED**  
Tranche I Issue  
DECEMBER 16, 2019 - DECEMBER 30, 2019





## L&T FINANCE LIMITED

### INVESTMENT RATIONALE

- **PUBLIC ISSUE of SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES of FACE VALUE of Rs 1,000 each ("SECURED NCDs") for an amount of Rs 500 crores ("BASE ISSUE SIZE") with an option to retain oversubscription up to Rs. 1,000 crores aggregating up to 1,50,00,000 secured NCDs amounting to Rs 1,500 crores ("TRANCHE I ISSUE LIMIT") ("TRANCHE I ISSUE") which is within the SHELF LIMIT of Rs. 5,000 crores and is being offered by way of the Tranche I Prospectus.**
- **The issue offers yields ranging from 8.24% to 8.64% depending up on the option/series applied for.**
- **Credit Rating of 'CRISIL AAA/Stable' by CRISIL, 'CARE AAA / Stable' by CARE and 'IND AAA / Stable' by India Ratings for NCDs for an amount of Rs. 5,000 Crore.**
- **The NCDs are proposed to be listed on the BSE and NSE. For the purposes of the Tranche I Issue, NSE shall be the Designated Stock Exchange.**

### COMPANY PROFILE

- L&T Finance Limited (L&TFL) is part of the larger L&T Group which is one of the leading business conglomerates in India. Its promoter is registered with the RBI as a Non-Banking Finance Company – Core Investment Company ("NBFC-CIC") conducting business through its wholly-owned subsidiaries.
- L&TFL is one of the leading non-banking financial services companies in India in terms of total loans outstanding, as of September 30, 2019.
- In the year 2016, L&TFL's promoter streamlined and reorganized its financing business into three primary business segments, i.e., rural, infrastructure and housing with return on equity as an important performance metric.
- L&TFL's rural business comprises of farm equipment finance, two-wheeler finance and micro loans. As of September 30, 2019, total adjusted loans and advances under its rural business were Rs 26,596.52 crores, with Rs 7,747.22 crores, Rs 6,008.77 crores and Rs 12,840.53 crores of adjusted loans and advances under its farm equipment finance, two-wheeler finance and micro loans businesses, respectively.
- In the first quarter of financial year 2020, the Company decided to classify structured corporate finance, and Debt Capital Markets business as part of its defocused business and continue to run down the book accordingly. As of September 30, 2019, L&TFL's total adjusted loans and advances under wholesale business only comprise of infrastructure finance assets of Rs 7,227.35 crores.
- L&TFL's housing business comprises of loans against property and real estate finance. As of September 30, 2019, adjusted total loans and advances under its housing business were Rs 11,258.21 crores with Rs 289.16 crores and Rs 10,969.05 crores of adjusted loans and advances under loans against property and real estate finance, respectively.
- L&TFL's operations are spread throughout India and have 216 branches in 211 cities across 21 states and 2 union territories, as of September 30, 2019. The Company has 22,090 employees as of September 30, 2019.
- L&TFL's average AUM for the period ended March 31, 2019 and September 30, 2019 was Rs. 43,490.52 crores and Rs 48,430.28 respectively. The Company's profit for the period ended March 31, 2019 and September 30, 2019 were Rs. 845.96 crores and Rs. 141.36 crores respectively. The Company's Net Stage 3 Assets (NS3) for March 31, 2019 and September 30, 2019 is at 1.27% and at 2.59% respectively.

**Source: Shelf Prospectus and Tranche I Prospectus both dated December 9, 2019**

**Disclaimer: Invest only after referring to the Shelf Prospectus and Tranche I Prospectus both dated December 9, 2019**

**STRENGTHS**

- ***Significant presence across diversified businesses***

L&TFL have 14 years of operating experience in rural markets. They benefit from the reach of their branch network, continued association with large OEMs and strong relationship with 2900 farm equipment dealerships which allow them to provide on-site financing. The Company seeks to differentiate themselves in two-wheeler finance business through the effective use of algorithm driven mobile-based solutions, relying on digital customer checks, digital data capture and other automated processes. Infrastructure finance focuses on financing viable renewable energy generation, transportation and power transmission projects. They provide customized debt financing solutions with an emphasis on structuring of loans based on projected cash flows of the project/ borrower, in compliance with their internal guidelines/ standards. Their housing business offers wide-ranging financing solutions to address funding requirements of real estate developers and concentrates on prominent real estate developers having better delivery and performance records on the basis of their financials, business strength, past experience and market reputation.

- ***Strong appraisal, structuring and syndication capabilities***

L&TFL seeks to build their loan appraisal, approval and structuring procedures to suit the needs of their clients in each of their financing businesses. They have built analytics-based algorithms and evaluation metrics based on the inputs from their portfolio trends over the years in their rural business. For their wholesale and housing businesses they seek to structure the terms of their loans and financing, as per the projected cash flows of the project/ borrower, in compliance with their internal guidelines/standards. For both wholesale and housing businesses, they generally focus on project completion and matching payment terms to project cash flows. They structure their financing in a manner that caters to the timelines of the real estate or infrastructure projects by assessing the track-record of clients and stages of project completion. They believe that their expertise in appraisals, structuring and syndication is one of their key strengths.

- ***Robust risk management framework***

L&TFL have implemented a centralized risk exposure policy, covering capital adequacy, liquidity and earnings volatility and maintain a comprehensive system of internal controls. Their risk exposure policy acts as a governing framework, laying out parameters for personnel from their senior management to the staff at their branches. They increasingly leverage risk measurement and analytics to generate early warning capabilities and to use those to make decentralized and largely objective decisions, and to drive their collection and repossession strategy, against which they seek to minimize deviations. The Company has set up a robust governance framework to monitor and manage the market risk operations. As of March 31, 2019 and September 30, 2019, Gross Stage 3 assets accounted for 3.77% and 5.48%, respectively, of their total loans outstanding.

- ***Experienced and professional management team***

L&TFL have a professional and experienced management team, led by the Managing Director and CEO of their Promoter who is supported by a capable and motivated pool of employees. Their senior managers have diverse experience in various financial services businesses across functions related to their business and an in-depth understanding of the specific industry, products and geographic regions they cover, which enables them to appropriately lead and provide guidance to their employees.

- ***Brand Recall and Synergies with L&T***

L&TFL believe their relationship with L&T provides brand recall and continue to derive significant marketing and operational benefits from this relationship. They have grown their housing business leveraging on L&T's relationships with real estate developers, its ability to assess developers and projects and its know-how of the processes and timelines involved. In their wholesale business they leverage on L&T's in-depth sector knowledge to assess projects and operational risk. They believe there are opportunities presented by other businesses of L&T for the growth of their operations.

**Source: Shelf Prospectus and Tranche I Prospectus both dated December 9, 2019**

**Disclaimer: Invest only after referring to the Shelf Prospectus and Tranche I Prospectus both dated December 9, 2019**

ISSUE STRUCTURE

Issuer	L&T Finance Limited
Lead Managers	A. K. Capital Services Limited, Edelweiss Financial Services Limited, Trust Investment Advisors Private Limited and JM Financial Limited
Type of instrument/ Name of the security	Secured Redeemable, Non-Convertible Debentures
Nature of Indebtedness and Ranking / Seniority	Secured Redeemable Non-Convertible Debentures.
Mode of the issue	Public issue
Base Issue Size	Rs. 500 crores
Option to retain Oversubscription Amount	Rs. 1,000 crores
Tranche I Issue/Tranche I Issue Size	Public Issue by the Company of secured redeemable non-convertible debentures of face value of Rs. 1,000 (Indian Rupees One Thousand) each ("Secured NCDs") for an amount of Rs. 500 Crores ("Base Issue Size") with an option to retain oversubscription up to Rs. 1,000 Crores aggregating up to 1,50,00,000 Secured NCDs amounting to Rs. 1,500 Crores ("Tranche I Issue Limit") ("Tranche I Issue") which is within the Shelf Limit of Rs. 5,000 Crores and is being offered by way of the Tranche I Prospectus dated December 9, 2019 containing inter alia the terms and conditions of Tranche I issue ("Tranche I Prospectus"), which should be read together with the Shelf Prospectus dated December 9, 2019 ("Shelf Prospectus").
Total Issue Size/ Shelf Limit	Rs. 5,000 Crores
Security	The principal amount of the Secured NCDs to be issued in the Tranche I Prospectus together with all interest due on the NCDs in respect thereof shall be secured by way of exclusive charge in favour of the Debenture Trustee on specific present and/or future receivables/assets of the Company and/or <i>pari passu</i> charge on the Company's right, title and interest in relation to an identified immovable property, as may be decided mutually by the Company and the Debenture Trustee. The Company will create appropriate security in favour of the Debenture Trustee for the Secured NCD Holders on the assets adequate to ensure 100% asset cover for the Secured NCDs (along with the interest due thereon).
Interest type	Fixed
Issuance mode of the instrument	In dematerialised form only
Day count basis	Actual/ Actual
Default interest rate	The company shall pay interest in connection with any delay in allotment, refunds, listing, dematerialized credit, execution of Debenture Trust Deed, payment of interest, redemption of principal amount beyond the time limits prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated/ prescribed under applicable laws
Issue Price (in Rs.)	Rs. 1,000 per NCD
Call/Put Option	NA
Face value	Rs. 1,000/- per NCD
Minimum Application size and in multiples of NCD thereafter	Rs. 10,000 (10 NCD) and in multiple of Rs. 1,000/- (1 NCD) thereafter
Market Lot/ Trading Lot	One NCD
Pay-in date	Application Date. The entire Application Amount is payable on Application.
Credit ratings	The NCDs proposed to be issued under this Issue have been rated [CRISIL] AAA with Stable Outlook for an amount of Rs. 5,000 crores by CRISIL vide their letter dated November 14, 2019 and further revalidated vide revalidation letter dated December 5, 2019, [CARE]AAA with Stable Outlook for an amount of Rs. 5,000 crores by CARE vide their letter dated November 15, 2019 and further revalidated vide revalidation letter dated December 6, 2019 and [IND] AAA with Stable Outlook for an amount of Rs. 5,000 crores by India Ratings vide their letter dated November 18, 2019.
Listing	The NCDs are proposed to be listed on BSE & NSE. NSE shall be the Designated Stock Exchange for the Issue. The NCDs shall be listed within 6 (six) Working Days from the date of Tranche I Issue Closing Date.
Issuance mode of the Instrument	In dematerialised form only
Trading mode of the instrument	In dematerialised form only
Tranche I Issue opening date	16 December,2019
Tranche I Issue closing date**	30 December,2019
Settlement mode of instrument	In dematerialised form only
Record date	15 (fifteen) days prior to the interest payment date, Redemption Date for NCDs issued under the Tranche I Prospectus. In case of redemption of NCDs, the trading in the NCDs shall remain suspended between the record date and the date of redemption. In event the Record Date falls on a Sunday or a non-Working Day, the succeeding Working Day or a date notified by the Company to the stock exchanges shall be considered as Record Date.
Deemed date of Allotment	The date on which the Authorised Personnel approve the Allotment of the NCDs for the Tranche I Issue or such date as may be determined by the Authorised Personnel to the Stock Exchange. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs shall be available to the Debenture holders from the Deemed Date of Allotment.

\*\* The subscription list shall remain open at the commencement of banking hours and close at the close of banking hours for the period as indicated, with an option for early closure or extension by such period, as may be decided by the Authorised Personnel duly appointed by resolution of the Board dated July 19, 2019. In the event of such early closure of or extension subscription list of the Issue, the Company shall ensure that notice of such early closure or extension is given to the prospective investors through an advertisement in a leading daily national newspaper on or before such earlier date or extended date of closure. Applications Forms for the Issue will be accepted only from 10:00 a.m. till 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the BSE or NSE, on Working Days during the Tranche I Issue Period. On the Tranche I Issue Closing Date, Application Forms will be accepted only from 10:00 a.m. till 3.00 p.m. (Indian Standard Time) and uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the BSE and NSE.

**Source: Shelf Prospectus and Tranche I Prospectus both dated December 9, 2019**  
**Disclaimer: Invest only after referring to the Shelf Prospectus and Tranche I Prospectus both dated December 9, 2019**

THE SPECIFIC TERMS OF EACH OPTION OF NCDs

Series	I	II	III	IV*	V	VI
Frequency of Interest Payment	Annual	NA	Monthly	Annual	Monthly	Annual
Minimum Application	Rs.10,000 (10 NCDs) across all Series					
Face Value/ Issue Price of NCDs (Rs./ NCD)	Rs.1,000.00					
In Multiples of thereafter (Rs.)	Rs.1,000/- (1 NCD)					
Tenor	36 months	36 months	36 months	60 months	60 months	84 months
Coupon (% per annum) for NCD Holders in Category I & II	8.25%	NA	7.96%	8.45%	8.15%	8.50%
Coupon (% per annum) for NCD Holders in Category III & IV	8.45%	NA	8.15%	8.60%	8.29%	8.65%
Effective Yield (% per annum) for NCD Holders in Category I & II	8.24%	8.25%	8.25%	8.44%	8.45%	8.49%
Effective Yield (% per annum) for NCD Holders in Category III & IV	8.44%	8.45%	8.45%	8.59%	8.60%	8.64%
Mode of Interest Payment	Through various mode available					
Amount (Rs / NCD) on Maturity for NCD Holders in Category I & II	1,000.00	1,268.76	1,000.00	1,000.00	1,000.00	1,000.00
Amount (Rs / NCD) on Maturity for NCD Holders in Category III & IV	1,000.00	1,275.81	1,000.00	1,000.00	1,000.00	1,000.00
Put and Call Option	NA	NA	NA	NA	NA	NA

With respect to Options where interest is to be paid on an annual basis, relevant interest will be paid on each anniversary of the Deemed Date of Allotment on the face value of the NCDs. The last interest payment under annual Options will be made at the time of redemption of the NCDs.  
Subject to applicable tax deducted at source, if any  
Please refer to Schedule D of Tranche I Prospectus for details pertaining to the cash flows of the Company in accordance with the SEBI circular bearing number CIR/IMD/DF/18/2013 dated October 29, 2013 and CIR/IMD/DF-1/122/2016 dated November 11, 2016.  
\*The Company would allot the Series IV NCDs, as specified in this Tranche I Prospectus to all valid Applications, wherein the Applicants have not indicated their choice of the relevant Series of NCDs.

ALLOCATION RATIO

Institutional Portion	Non-Institutional Portion	High Net Worth Individual Investors Portion	Retail Individual Investors Portion
10%	10%	35%	45%

**INVESTOR CATEGORIES AND ALLOTMENT**

Category I	Category II	Category III	Category IV
<ul style="list-style-type: none"> <li>• Public financial institutions, commercial banks, Indian multilateral and bilateral development financial institutions which are authorised to invest in the NCDs;</li> <li>• Provident funds, pension funds with a minimum corpus of Rs. 2,500 lakh, superannuation funds and gratuity funds, which are authorised to invest in the NCDs;</li> <li>• Mutual Funds registered with SEBI;</li> <li>• Resident Venture Capital Funds/Alternative Investment Funds registered with SEBI subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012;</li> <li>• Insurance Companies registered with IRDA;</li> <li>• State industrial development corporations; Insurance funds set up and managed by the army, navy, or air force of the Union of India;</li> <li>• Insurance funds set up and managed by the Department of Posts, the Union of India;</li> <li>• Systemically Important Non- Banking Financial Company, a nonbanking financial company registered with the Reserve Bank of India and having a net-worth of more than Rs 50,000 lakh as per the last audited financial statements; and</li> <li>• National Investment Fund set up by resolution no. F. No. 2/3/2005 –DDII dated November 23,2005 of the Government of India published in the Gazette of India.</li> </ul>	<ul style="list-style-type: none"> <li>• Companies within the meaning of section 2(20) of the Companies Act, 2013;</li> <li>• Statutory bodies/ corporations and societies registered under the applicable laws in India and authorised to invest in the NCDs;</li> <li>• Co-operative banks and regional rural banks;</li> <li>• Public/private charitable/religious trusts which are authorised to invest in the NCDs;</li> <li>• Scientific and/or industrial research organisations, which are authorised to invest in the NCDs;</li> <li>• Partnership firms in the name of the partners;</li> <li>• Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009);</li> <li>• Association of Persons; and</li> <li>• Any other incorporated and/or unincorporated body of persons.</li> </ul>	<ul style="list-style-type: none"> <li>• High Net-worth individuals which include Resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating to above Rs 10 lakhs across all series of NCDs in Issue.</li> </ul>	<ul style="list-style-type: none"> <li>• Retail Individual Investors which include Resident Indian individuals and Hindu Undivided Families through the Karta applying for an amount aggregating up to and including Rs 10 lakhs across all series of NCDs in Issue.</li> </ul>

**APPLICATIONS CANNOT BE MADE BY**

- Minors without a guardian name\*;
- Foreign nationals; NRI inter-alia including any NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA;
- Persons resident outside;
- Foreign Institutional Investors;
- Foreign Portfolio Investors;
- Qualified Foreign Investors;
- Overseas Corporate Bodies; and
- Persons ineligible to contract under applicable statutory/ regulatory requirements.

*\*Applicant shall ensure that guardian is competent to contract under Indian Contract Act, 1872*

**Source: Shelf Prospectus and Tranche I Prospectus both dated December 9, 2019**

**Disclaimer: Invest only after referring to the Shelf Prospectus and Tranche I Prospectus both dated December 9, 2019**



KEY OPERATIONAL AND FINANCIAL PARAMETERS (Standalone)

(Rs.in Crores)

Parameters	As at / for the years ended		Parameters	Year ended	Half Year ended
	March 31, 2017 (IGAAP)	March 31, 2018 (IGAAP)		March 31, 2019 (IND-AS)	September 30, 2019 (IND-AS)
Net worth	6,879.39	8,563.90	Net worth	8,890.84	8,978.92
Total Borrowings of which (I+II+III)	27,829.71	34,761.81	Total Borrowings of which (I+II+III)	46,335.88	45,115.83
- Long Term Borrowings (I)	15,314.40	21,216.81	Debt Securities (I)	23,071.60	18,977.74
- Short Term Borrowings (II)	9,970.52	7,250.00	Borrowings (Other than debt securities) (II)	22,139.86	24,956.01
- Current Maturities of Long Term Secured Borrowings (III)	2,544.79	6,295.00	Subordinated liabilities (III)	1,124.42	1,182.08
Property, plant and equipment	160.25	74.53	Property, plant and equipment	49.34	41.26
Intangible Assets	2,621.44	1,983.88	Intangible Assets	1,364.60	1,038.54
Non-Current Assets	19,260.44	27,325.81	Non-Financial Assets	2,332.48	1,898.68
Cash and Cash Equivalents	294.88	348.72	Investments	4,684.30	2,008.18
Current Investments	2,360.72	1,503.59	Non-Financial Liabilities	94.61	68.12
Other Current Assets	11,279.10	13,420.44	Cash and Cash Equivalents	1,530.51	2,043.15
Non-Current Liabilities	239.51	149.22	Financial Asset other than Investment and Cash & Cash Equivalents	47,289.43	48,641.18
Current Liabilities	1,028.22	1,159.19	Financial Liabilities	46,841.68	45,529.34
Loan Book	29,244.45	39,145.61	Assets Under Management	47,835.43	49,025.12
Off Balance Sheet Loan	285.82	255.58	Off Balance Sheet Assets	9.81	3.36
Total Income	4,144.98	5,245.69	Interest Income	7,011.72	4,105.17
Finance Cost	1,959.52	2,496.85	Finance Costs	3,327.92	1,951.64
Provisions & Contingencies	788.34	904.46	Net Gain /(Loss) on Fair Value Changes	8.62	100.29
			Net loss on derecognition of financial instruments under amortised cost category	324.97	80.10
			Impairment on financial instruments	637.06	931.28
Profit for the period	16.04	289.92	Profit for the period	845.96	141.36
Gross NPA (%)	6.51%	6.07%	Gross Stage 3 Assets (%)	3.77%	5.48%
Net NPA to Net Advances (%)	3.99%	2.81%	Net Stage 3 Assets (%)	1.27%	2.59%
CRAR - Tier I Capital Ratio (%)	13.36%	15.64%	CRAR - Tier I Capital Ratio (%)	15.22%	16.21%
CRAR - Tier II Capital Ratio (%)	3.06%	2.28%	CRAR - Tier II Capital Ratio (%)	1.76%	1.81%

DEBT EQUITY RATIO OF THE COMPANY ON A STANDALONE BASIS:

Particulars	As on September 30, 2019
Before the issue of debt securities	5.02
After the issue of debt securities*	5.57

\*The debt-equity ratio post the Issue is indicative on account of the assumed inflow of Rs.5,000 crore from the proposed Issue. The actual debt-equity ratio post the Issue would depend on the actual position of debt and equity on the Deemed Date of Allotment.

DISCLAIMER:

**‘The investors shall invest only on the basis of information contained in the final prospectus’**

This document has been prepared by A. K. STOCKMART (P) LTD. and/or its affiliate/ group/ associate company(ies) (together referred to as “A.K. Group”) and the contents of this disclaimer are applicable to this document and to any and all written or oral communication(s) made by A.K. Group or its directors, employees, associates, representatives and agents.

The information contained in this document is strictly confidential and solely for the information of the recipients. The information should not be reproduced or redistributed or passed on, directly or indirectly in any form, to any other person/ entity or published, in whole or in part, for any purpose whatsoever. This document is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject A.K. Group to any registration or licensing requirements within such jurisdiction. This document is meant for assistance purpose only and does not constitute an offer or recommendation to buy or sell any products or services of A.K. Group or any of its third party client(s). The recipients should act and rely on the information/ data contained in this document only after understanding all associated risk parameters. Any action/ decision taken by the recipients on the basis of the information contained in this document shall be the sole responsibility of the recipients and neither A.K. Group nor its directors, employees, associates, representatives or agents shall be liable for any damages whether direct, indirect, special or consequential including lost revenue or lost profits that may arise to the recipients from or in connection with the use of the information/ data contained in this document.

The information in this document is subject to change. A.K. Group reserves the right to add, modify, alter and delete any content of this document at its sole and absolute discretion without any prior notice and without assigning any reason whatsoever. The information/ data contained in this document is as of the date hereof. A.K. Group does not undertake any obligation to update such information/ data for any subsequent event(s) that may occur thereafter, and does not explicitly or implicitly guarantee that such information/ data is complete and accurate in all respects as of date hereof or that it will continue to be complete and accurate in future. The copyright and other intellectual property rights of this document vests exclusively with A.K. Group.

This disclaimer is to be regarded as part of this document. If sections or individual terms of this statement are not legal or correct, the content or validity of the other parts remain uninfluenced by this fact.



## **A. K. Stockmart Pvt. Ltd.**

30-39, Free Press House, 3rd Floor, Free Press Journal Marg, 215, Nariman Point, Mumbai – 400 021  
Tel. No.: 91-22-67546500 / 67544744 Fax.: 91-22-67544666

CIN: U67120MH2006PTC158932