

PRESS RELEASE**IFC leads \$550 million ECB investment round in L&T Finance**

July 4, 2019, Mumbai, India: L&T Finance Ltd., the wholly owned subsidiary of L&T Finance Holdings Ltd., will receive \$550 million in an ECB investment round anchored by IFC, a member of the World Bank Group, and BNP Paribas, Citibank, and DBS Bank Limited.

In the first tranche, the investors have contributed \$275 million. Of this, IFC is bringing in \$125 million, which will be utilized by L&T Finance to expand its farm equipment finance book by extending loans to farmers for buying equipment and modernizing farming.

With the closure of this financing deal with foreign banks as lenders, L&T Finance has taken a step further in diversifying its funding sources. This follows the successful public issuances of Non-Convertible Debentures (NCDs) in March and April 2019, by L&T Finance Ltd.

Mechanization of farming plays a crucial role in increasing agricultural productivity. However, purchasing a tractor and other farm equipment is a difficult decision for small and marginal farmers due to lack of timely financing options. Eighty-six percent of Indian farmers are smallholders. According to the National Bank for Agriculture and Rural Development, there is a formal financing gap of \$80 billion in agricultural financing. Specialized NBFCs, such as L&T Finance, with their widespread reach and tailored solutions, serve as an important source of credit to small farmers.

“Our business strategy is actively aligned to the needs of our nation. NBFCs have a crucial role to play in financial inclusion in India. Lending scientifically and methodically to customers who do not have access to last mile credit is the next growth opportunity for NBFCs. We are investing in technology, and data and analytics to lead this change,” said **Dinanath Dubhashi, Managing Director & CEO, L&T Finance Holdings**. “Investments from organization like IFC, which follows stringent due diligence before investing, reaffirms our strategy for growth and diversification of liabilities.”

IFC prioritizes investment and advisory engagements which promote modern and climate-smart farming practices, increase farmers’ incomes, and improve agricultural logistics. In addition to farm equipment finance, the rural book of L&T Finance also comprises two-wheeler finance and micro loans for rural women micro entrepreneurs.

“Addressing the large rural finance gap and supporting modernization of agriculture are key components in sustaining India’s growth story and meeting the government’s commitment to double farmers’ income by 2022,” said **Hemalata Mahalingam, Manager, Financial Institutions Group, IFC South Asia**. “This project will promote inclusiveness in accessing finance.”

IFC was one of the early institutional investors in the NBFC space and has successfully supported several asset financing NBFCs. IFC invested \$100 million of debt in L&T Infrastructure Finance for on-lending to developers of solar power projects and \$75 million of debt in L&T Housing Finance for on-lending to developers of affordable housing units.

About L&T Finance Holdings:

LTFH (www.ltf.com) is a financial holding company offering a focused range of financial products and services across rural, housing and wholesale finance sectors, as well as mutual fund products and wealth management services, through its wholly-owned subsidiaries, viz., L&T Finance Ltd., L&T Housing Finance Ltd., L&T Infrastructure Finance Company Ltd., L&T Infra Debt Fund Limited, L&T Investment Management Ltd. and L&T Capital Markets Ltd. LTFH is registered with RBI as a CIC-ND-SI[1]. LTFH is promoted by Larsen & Toubro Ltd. (“L&T”) (www.larsentoubro.com), one of the leading companies in

India, with interests in engineering, construction, electrical & electronics manufacturing & services, IT and financial services

About IFC:

IFC—a sister organization of the World Bank and member of the World Bank Group—is the largest global development institution focused on the private sector in emerging markets. We work with more than 2,000 businesses worldwide, using our capital, expertise, and influence to create markets and opportunities in the toughest areas of the world. In fiscal year 2018, we delivered more than \$23 billion in long-term financing for developing countries, leveraging the power of the private sector to end extreme poverty and boost shared prosperity. For more information, visit www.ifc.org.

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