



Building to become
a comprehensive financial services player

Investor Presentation, Q3FY15

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Agenda

L&T Finance Holdings

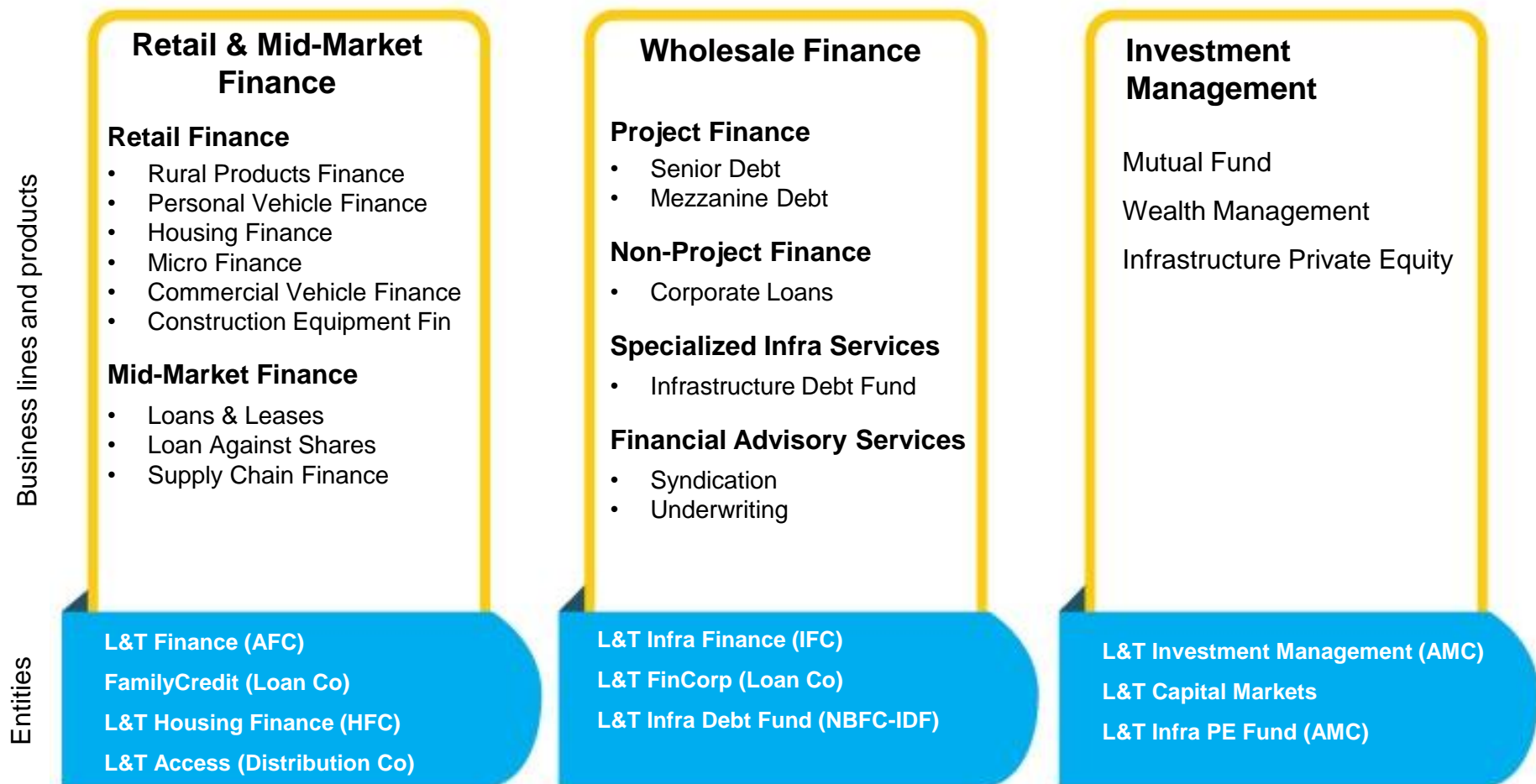
Key performance highlights

Performance and outlook, by business

Collectively, a comprehensive product suite across three lines of business

3

L&T Finance Holdings



Highlights of LTFH performance

Stable asset growth maintained ...

Loan assets at Rs. 45,225 Cr registering a growth of 20% Y-o-Y

Q3'15 v/s Q3'14

Disbursement growth of 32% Y-o-Y largely towards -

- B2C products of microfinance, tractors, 2 wheelers and housing finance
- Operating projects in renewables and roads
- Underwriting and sell down of bonds to non-infra segment

Disbursement
growth of 46%

AMC achieves AAUM of Rs. 21,000+ Cr with proportion of equity assets increasing to 35% in Q3FY15

...With a Robust Growth in Profits

Profit (before exceptional items) grows by 29% Y-o-Y

Q3'15 v/s Q3'14

- NIMs maintain a steady pace, supported by high yield assets and effective liability management
- Healthy fee income from advisory services in renewable segment and certain large ticket transactions
- Stable operating expenses across business segments

PAT growth of
66%

...Supported by stabilizing Asset Quality leading to a Healthier Balance Sheet

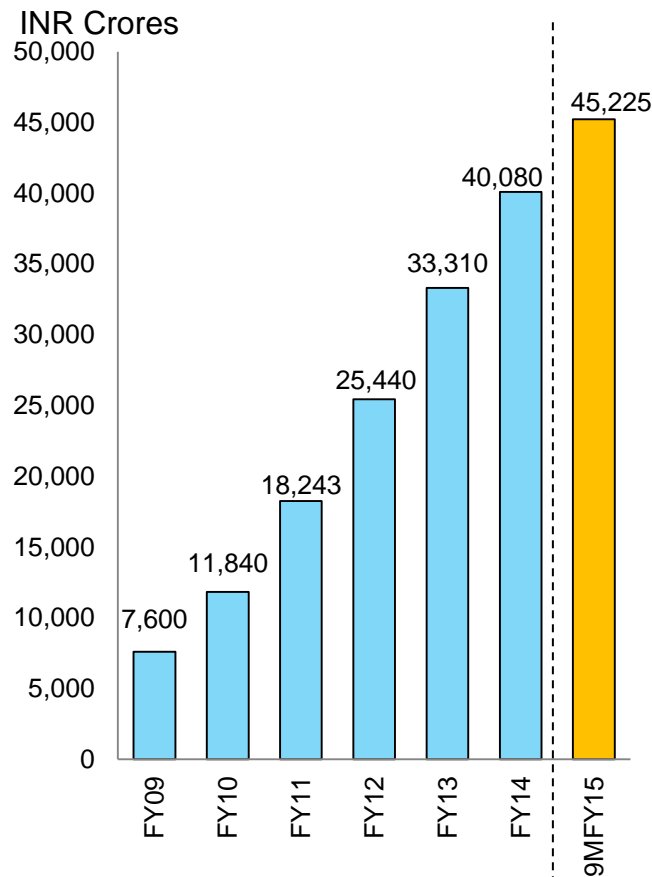
- Overdue position remains stable, but for the seasonal variations in the farm portfolio
- Provision coverage ratio increased to 35% from 33% in Q2FY15
- Provisions in excess of RBI norms at ~Rs 190 Cr with repo assets of Rs 29 Cr

Q3'15 v/s Q3'14

GNPA%
increases by 8
bps

Consistent and robust growth trajectory

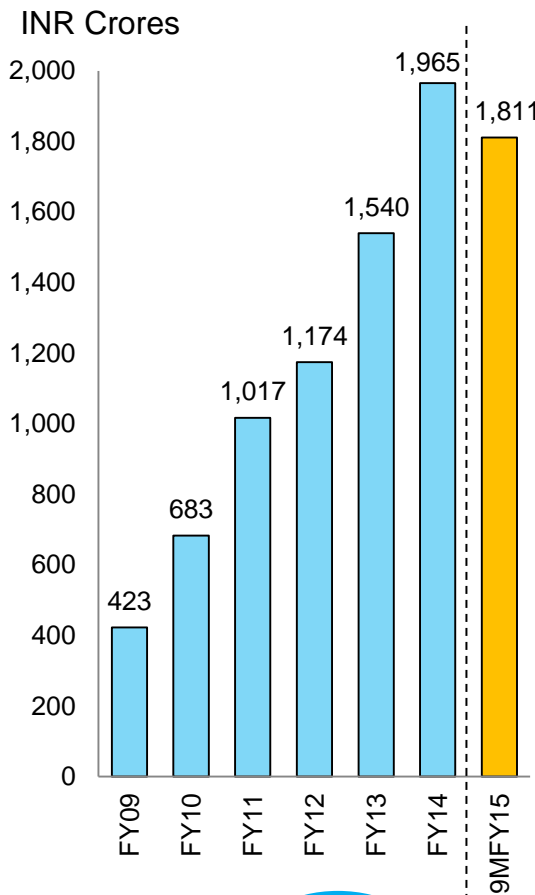
Loan advances



39%

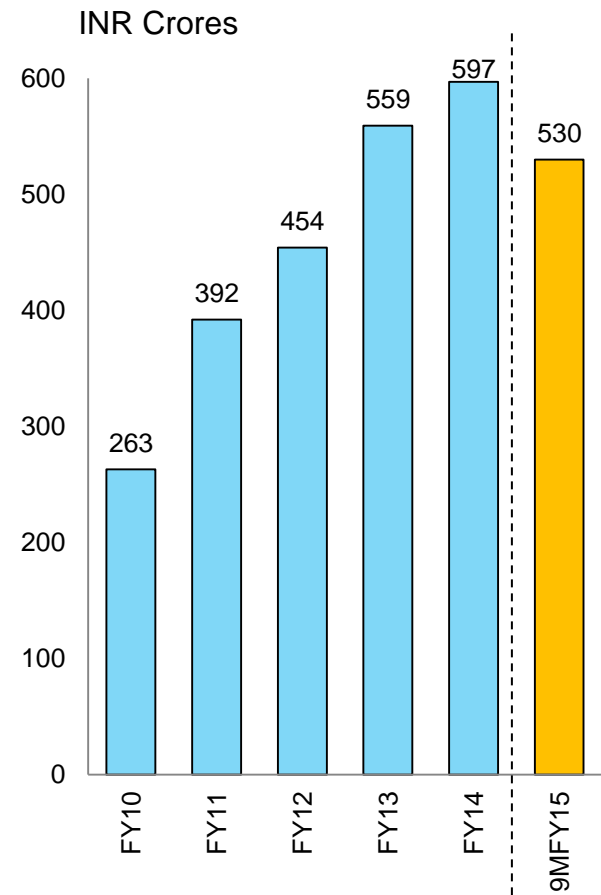
CAGR
as of
FY14

Net interest margin



36%

PAT

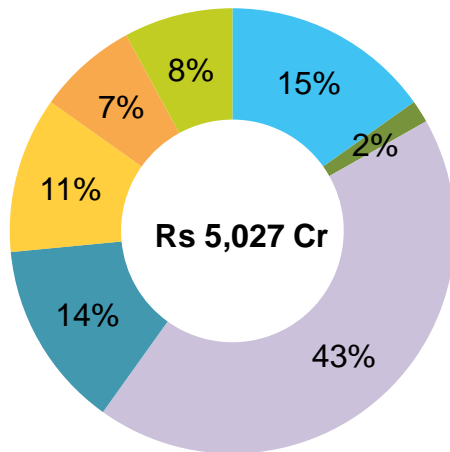


23%

Balanced loan book

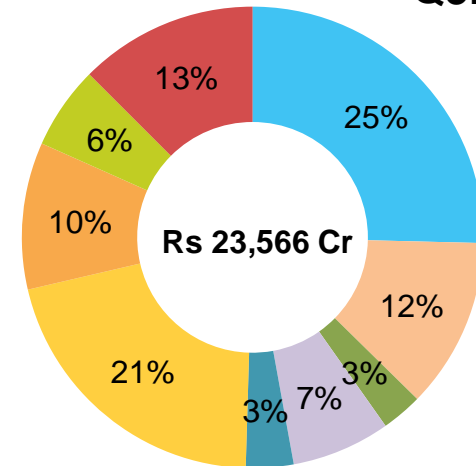
Retail & Mid-Market

FY09

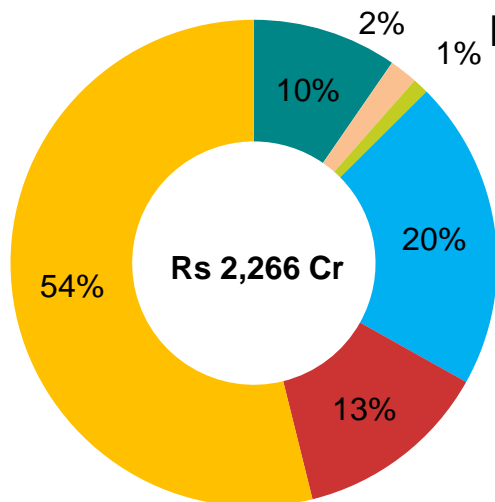


- Rural Products
- Personal Vehicle
- Microfinance
- Construction Equipment
- Commercial Vehicle
- Loans and Leases
- Loan Against Shares
- Supply Chain
- Housing

Q3FY15

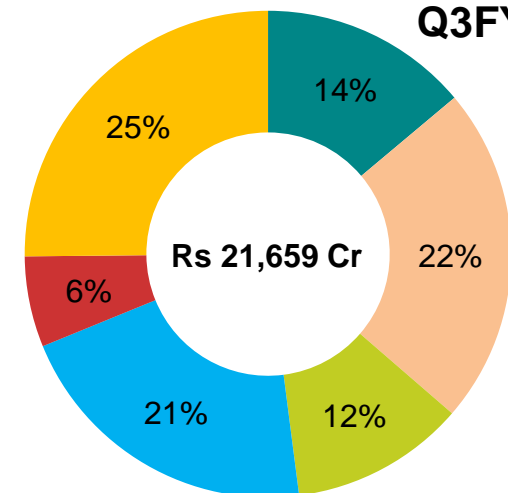


FY09



- Thermal Power
- Renewable Power
- Power – Corp + T&D
- Transportation
- Telecom
- Others

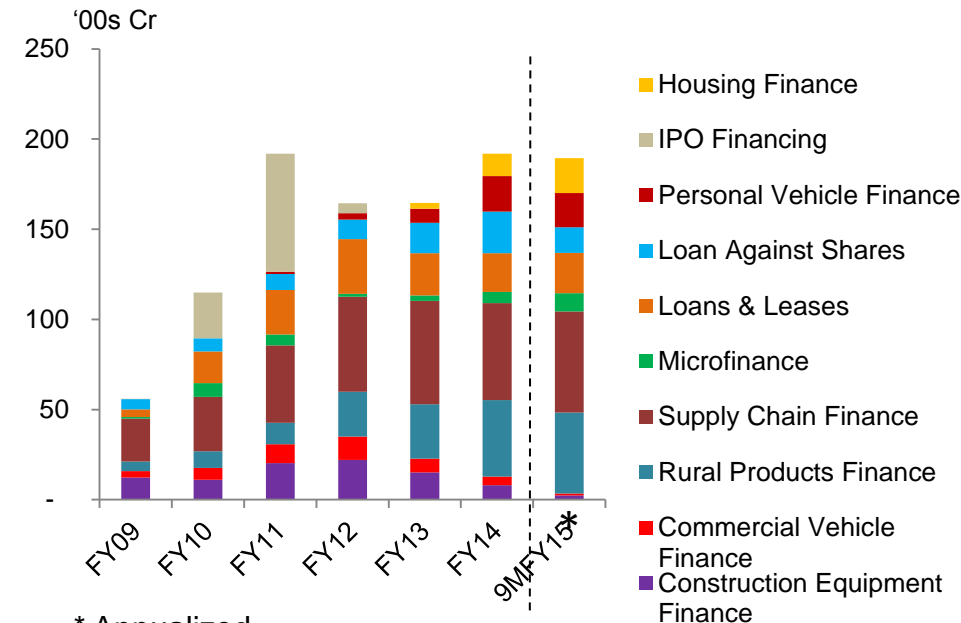
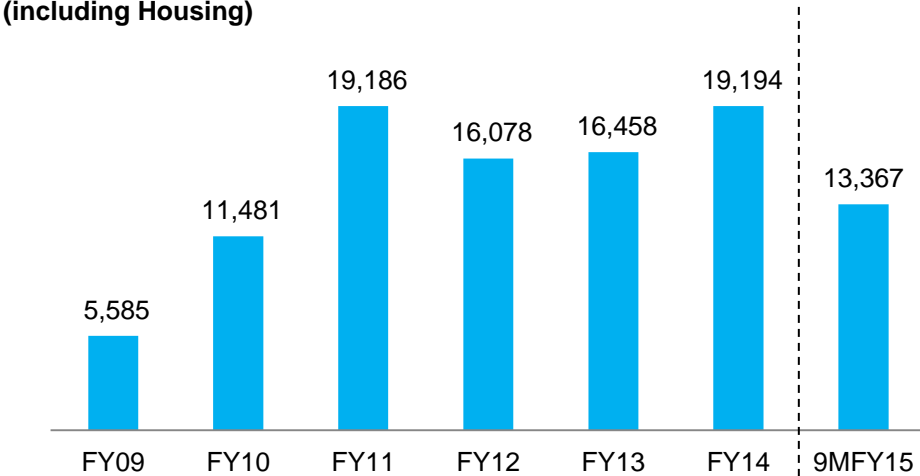
Q3FY15



Wholesale

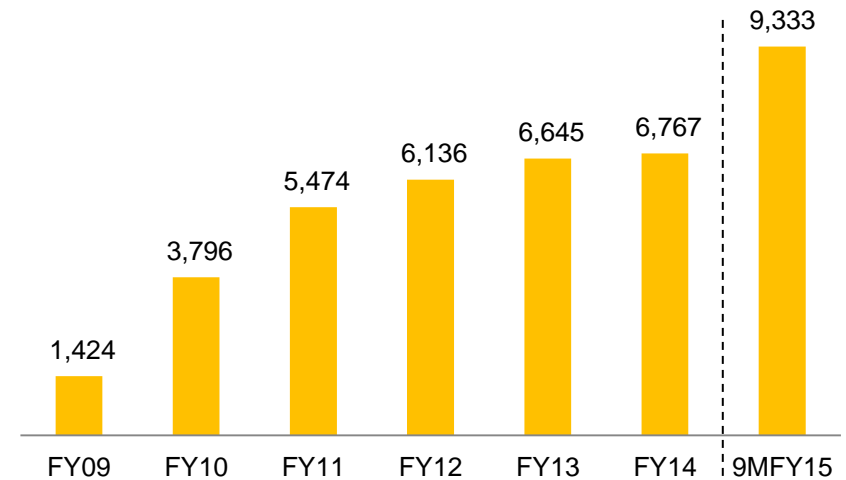
Supported by calibrated disbursement strategy

Retail & Mid-Market Business – Disbursement (Rs Cr) (including Housing)



* Annualized

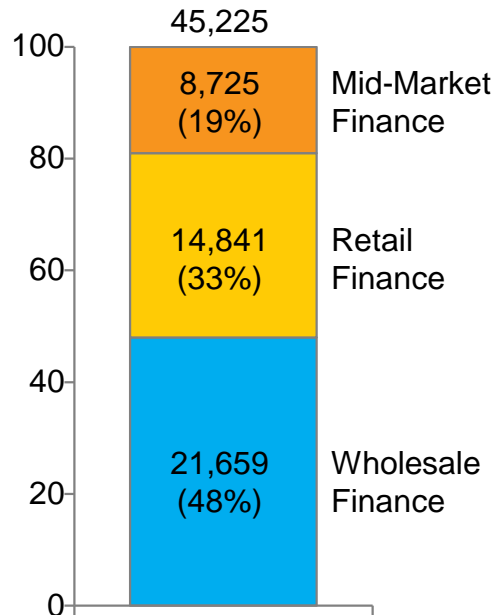
Wholesale Business – Disbursement (Rs Cr)



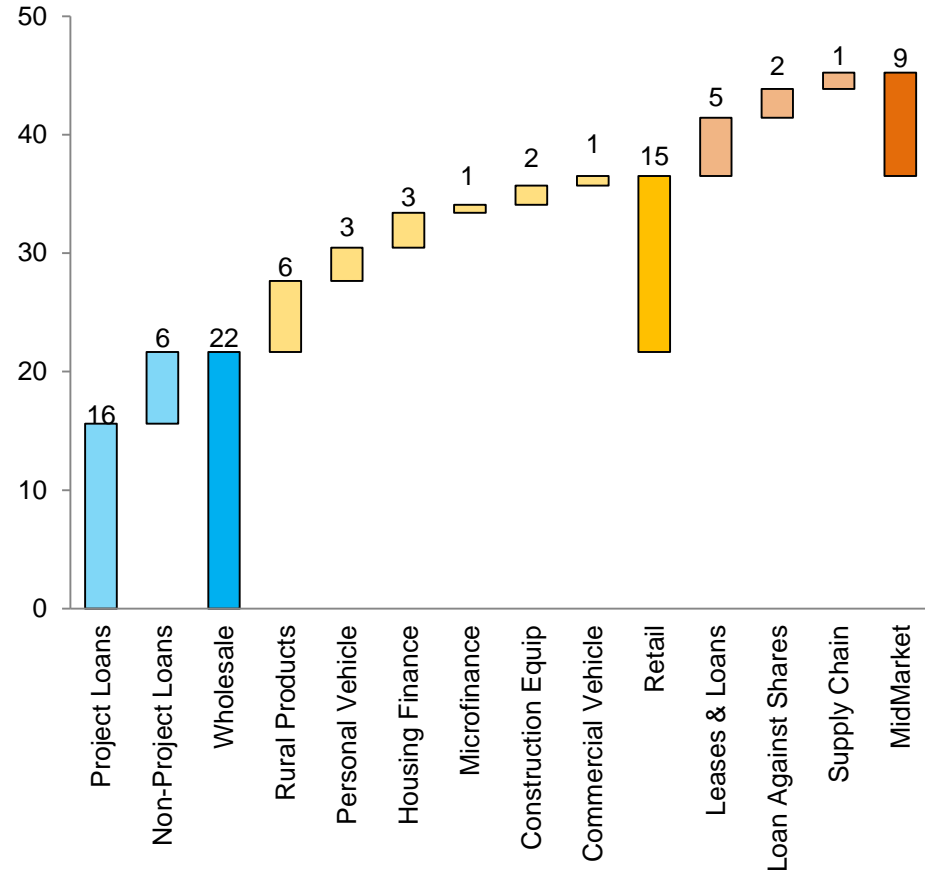
- Disbursements in the Wholesale business have tapered down in the period FY12-FY14
 - Thrust on operating projects in FY15
- Disbursements in the Retail and Mid-Market business has also shown flat growth over FY12 –FY14
 - B2C segments of rural products, microfinance, housing and personal vehicles driving growth
 - Commercial vehicle and construction equipment segments have been consciously de-grown from FY12

Assets across customer segments, product families...

Asset book by business
(INR Crores and %)

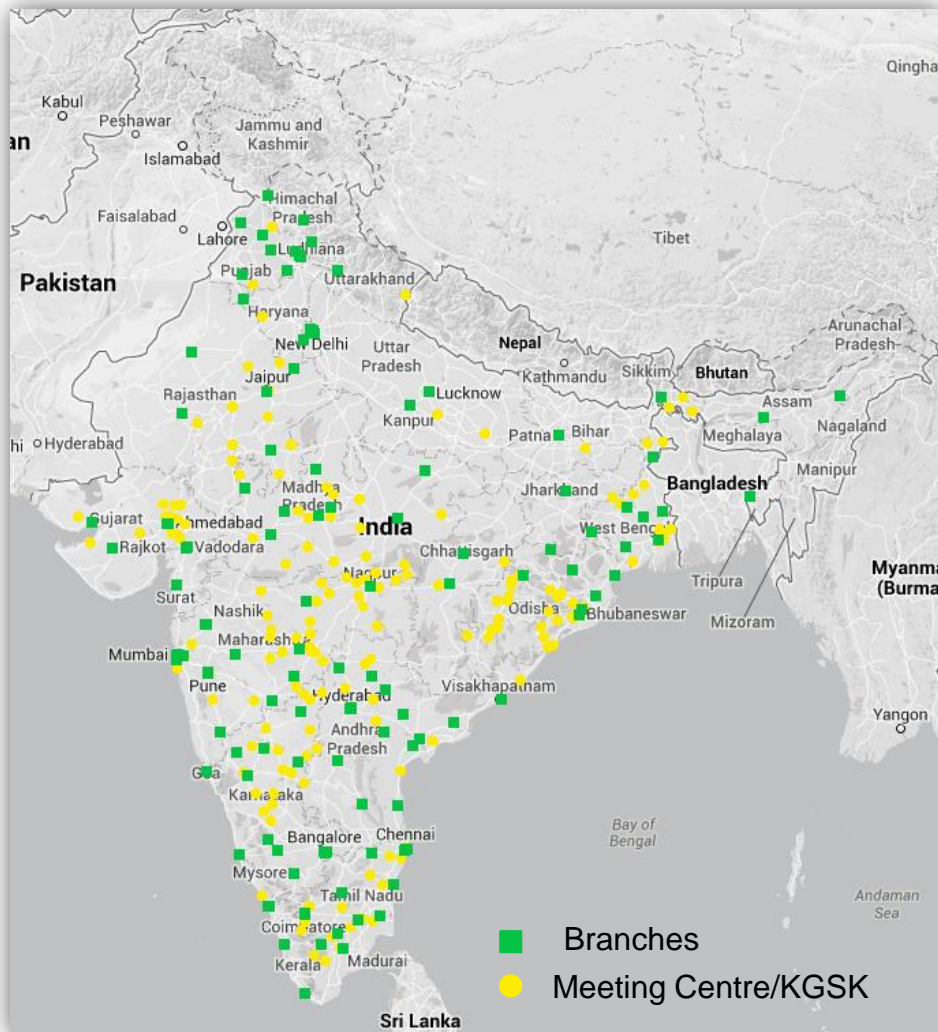


Asset book, by product
(INR '000s Crores)



Serving 16 lakh plus customers across Retail, Corporate, and HNI segments

Extensive footprint of 700+ points of presence across India



700+ touch points including 200+ branches, 190+ meeting centres, and 60+ KGSKs for LTFH NBFCs

- Presence in **24 out of 29 states**
- 3 branches in North Eastern states
- Rural areas covered extensively by Meeting Centres and *Kisan Gaurav Seva Kendras* (KGSK)

Extensive branch presence complemented with 500+ *Gram Sampark* operations (mobile branches)



“My Branch” provides door step access - Advanced sales force with tablets and hand held scanners extends footprint beyond branches delivering increased productivity and faster turn around times

Leadership comprises a seasoned board of directors ...



Y.M. Deosthalee, *Chairman and Managing Director*

- Chartered Accountant and Law graduate
- 38+ years at L&T Group
- Member of the Advisory Committee for Liquidity Management set by the Ministry of Finance



N. Sivaraman, *President & Whole-time Director*

- CA; B.Com graduate from Madras University
- 30+ years at L&T Group
- Deep experience in finance, including accounts, M&A and investor relations



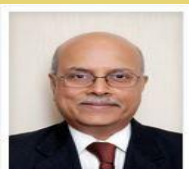
R. Shankar Raman, *Non-Executive Director*

- CA; B.Com graduate from Madras University
- Current CFO of L&T Group
- 30+ years of experience in finance, including audit and capital markets



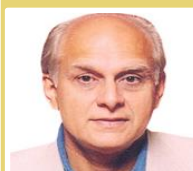
A. K. Jain, *Non-Executive Director*

- B.Com graduate from Delhi University
- Masters in Public Admin. from IIPM
- Joint Secretary - Banking Division of Finance Ministry
- Board of Director for Canara Bank



S. V. Haribhakti, *Independent Director*
Chairman, Audit Committee, LTFH
Chairman, Nomination & Remuneration Committee, LTFH

- CA, Cost Accountant, and a Certified Internal Auditor
- Masters in Management Studies from Uni. of Mumbai
- Managing Partner, Haribhakti & Co



Harsh C. Mariwala, *Independent Director*

- Chairman & MD of Marico Limited
- 30+ years of experience in building some of the leading Consumer brands in India
- President of FICCI 2010 – 2011.



B. V. Bhargava, *Independent Director*

- Post graduate in commerce and Law graduate from the University of Bombay
- Chairman of the Rating Committee of CRISIL Limited
- Former Vice Chairman and MD of ICICI



P. V. Bhide, *Independent Director*

- Hold MBA, L.L.B and B.Sc degrees
- Retired IAS officer
- Former Finance Secretary; 40+ years experience across various positions in the Ministry of Finance

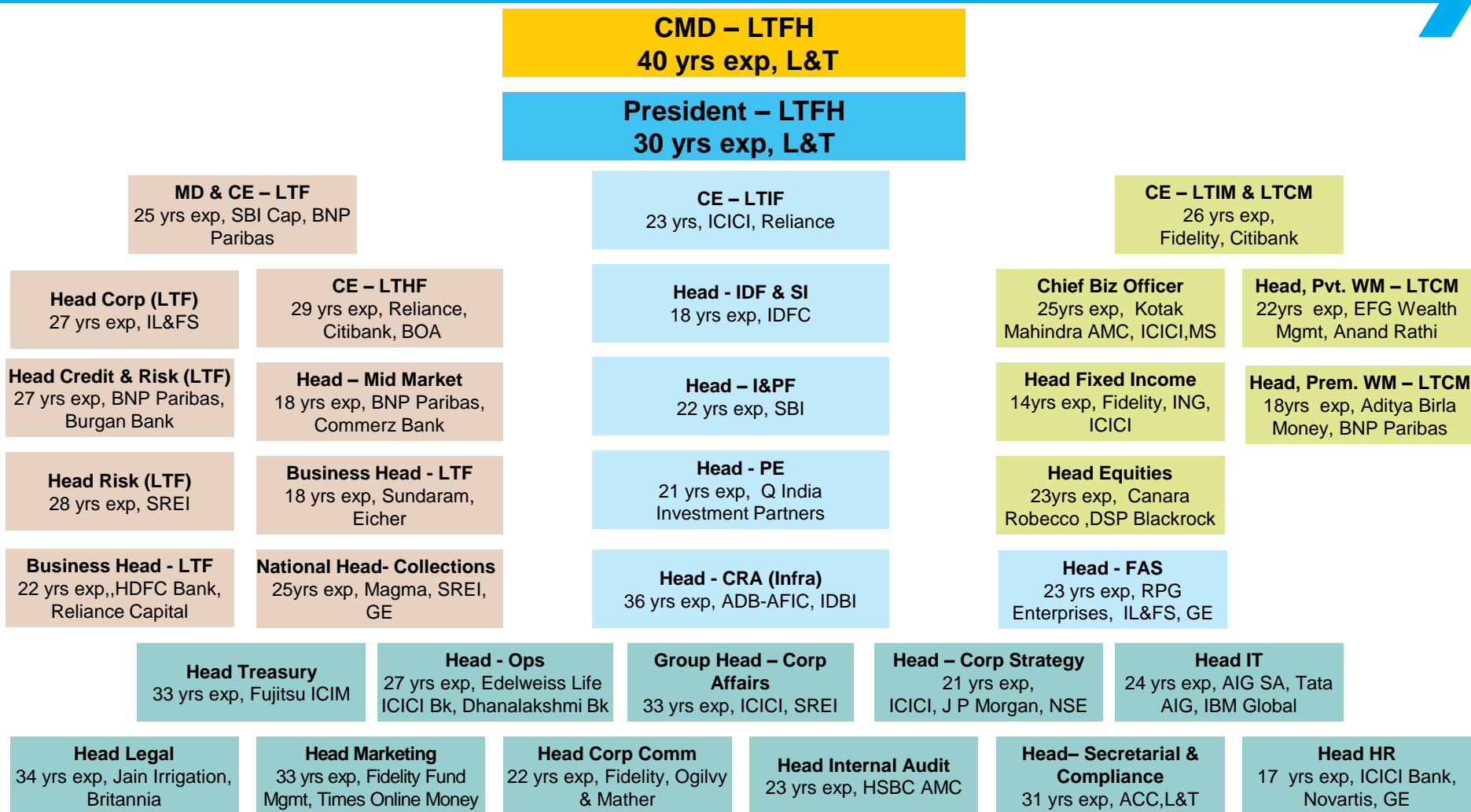


K. Rao, *Independent Director*

- B.A. from Harvard and MBA from UPenn
- Chartered Financial Analyst (CFA)
- 15+ years of experience as an investment professional with the Capital Group

■ : Independent directors

... And an experienced management team



Agenda

Introduction to L&T Finance Holdings

Key performance highlights

Performance and outlook, by business

Summary Financial Performance – Key Operating Entities

Q3FY14	9MFY14	FY14	Rs. Crores	Q2FY15	Q3FY15	9MFY15	Y-o-Y
Lending Businesses (Retail and Mid-Market, Housing, Wholesale)							
37,820	37,820	40,080	Loans and Advances	42,760	45,225	45,225	20%
6,422	17,826	25,959	Disbursements	7,685	9,378	23,540	32%
479	1,416	1,965	NIM	631	623	1,811	28%
330	1,047	1,471	Earnings before credit cost	455	497	1,361	30%
158	416	578	Credit cost	183	226	569	37%
129	461	656	PAT	185	186	550	19%
5.23%	5.36%	5.47%	NIM (%)	6.04%	5.66%	5.72%	-
2.93%	2.93%	3.18%	Gross NPA (%)	2.96%	3.01%	3.01%	-
8.61%	10.77%	11.23%	ROE (%)	11.43%	11.24%	11.33%	-
Investment Management							
17,002	17,002	18,255	Average AUM	20,673	21,336	21,336	25%
4,760	4,760	4,929	- Average Equity / Hybrid AUM	6,644	7,468	7,468	57%
0.9	(0.4)	0.5	PAT before amortization	0.0	2.4	2.0	-

- Growth in loan assets driven by B2C segments in retail, operational projects in infra and bonds in non-infra segments
- NIMs continue to remain healthy – averaging effect of large amount of disbursements in the last week of the quarter
- GNPA's remain stable but for seasonal impact in tractor portfolio
- Credit costs reflect improving provision coverage and provision for higher tractor NPAs

Summary Financial Performance – LTFH Consolidated

Q3FY14	9MFY14	FY14	Summary P&L (Rs. Crores)	Q2FY15	Q3FY15	9MFY15	Y-o-Y
110	410	597	PAT before Exceptional Item	182	182	530	29%
63	206	300	- Retail & Mid-Market Finance	88	99	268	30%
(3)	3	10	- Housing Finance	8	7	23	-
68	253	347	- Wholesale Finance	90	81	259	2%
(19)	(51)	(60)	- Others	(4)	(5)	(15)	(71%)
-	-	-	Exceptional Item*	-	-	119	-
110	410	597	PAT	182	182	649	58%
0.51 &	2.07 &	3.03	EPS #	0.89 &	0.87 &	2.60 &	-

Consolidated PAT (before exceptional items) for the quarter grows by 66% on a year on year basis

Q3FY14	FY14	Summary BS (Rs. Crores)	Q2FY15	Q3FY15	Y-o-Y (%)
5,841	5,826	Net worth (excluding preference capital)	6,287	6,455	11%
2,874	2,969	- Retail & Mid-Market Finance	3,112	3,200	11%
296	303	- Housing Finance	320	326	10%
2,902	2,993	- Wholesale Finance	3,187	3,193	10%
644	650	- Others	762	757	18%
1,000	1,000	Preference Capital	1,363	1,363	36%
32,416	35,854	Borrowings	38,273	39,584	22%

Excludes exceptional items and after considering annual dividend on preference shares on pro-rata basis

* Exceptional item due to sale of 4.5% stake in City Union Bank

& Not annualized

Agenda

Introduction to L&T Finance Holdings

Key performance highlights

Performance and outlook, by business

Retail and Mid-Market Finance – Market scenario and outlook

Segment	Outlook				
Rural Products	<ul style="list-style-type: none">Tractor sales drop by 22% during the quarterTractor industry expected to see negative growth of 4-5% during FY15 (Source: ICRA)				
Personal Vehicle	<ul style="list-style-type: none">2W sales remain stableLaunch of new variants and dealer schemes provides boost to sales of personal vehicles				
Microfinance	<ul style="list-style-type: none">Strong demand continues in microfinance	Segment (SIAM)	Q3FY14 Growth (%)	Q3FY15 Growth (%)	FY15 Projection (%)
Construction Equipment	<ul style="list-style-type: none">CE sales continue to de-grow in excess of 30 % due to pending policy decisions, non-release of funds in approved projects, land acquisition/environmental clearance issues and relatively higher interest rates.	Cars	(6.7%)	6.8%	8.0%- 9.0%
		UV	52.0%	(6.0%)	(2.0%-4.0%)
		LCV	14.0%	(9.3)%	(6.0%-7.0%)
Commercial Vehicle	<ul style="list-style-type: none">Early signs of recovery being observed, low base effect reflecting in positive growth numbers; negative impact being seen in LCV segment	MHCV	(23.0)%	41.5%	8.0%-10.0%
		CV (Total)	(2.0)%	4.5%	7.0%-9.0%
		2W	2.9%	1.4%	2.0%-5.0%
Mid-Market	<ul style="list-style-type: none">Credit growth has slowed down to 2.7% on a YTD basis, lowest since 1998 (Source : RBI)During H1FY15, CRISIL upgraded 741 firms compared to 451 downgrades, indicating early sign of recovery in corporate credit quality. In FY14, CRISIL had downgraded 1165 firms compared to 921 upgrades.Given the high leverage of corporates and time needed to resolve regulatory roadblocks, meaningful capex will take some time to catch up with economic recovery and improvement in business sentimentGrowth expected to gain momentum in FY16, contingent on coordinated policy efforts and structural reforms				

Growth continues to be driven by B2C segment supported by strong manufacturer tie ups

Retail and Mid-Market Finance – Performance by product

DISBURSEMENTS

Q3FY14	9MFY14	FY14	Rs. Crores	Q2FY15	Q3FY15	9MFY15	9M'15 v/s 9M'14
1,367	3,141	4,243	Rural Products Finance	947	1,269	3,365	7%
526	1,460	1,966	Personal Vehicle Finance	475	478	1,429	(2%)
140	394	606	Microfinance	266	317	754	91%
213	682	808	Construction Equipment Finance	60	34	185	(73%)
84	411	480	Commercial Vehicle Finance	28	24	80	(81%)
591	1,566	2,162	Loans and Leases	739	483	1,684	8%
541	1,296	2,299	Loan Against Shares	80	411	1,056	(19%)
1,290	3,875	5,381	Supply Chain Finance	1,382	1,588	4,202	8%
4,752	12,828	17,949	Total	3,977	4,605	12,753	(1%)

Disbursements to B2C segment grows by 11% while B2B segment * sees de-growth of 24% on Y-o-Y basis

LOANS & ADVANCES

Q3FY14	Q3FY14 (%)	Rs. Crores	Q2FY15	Q3FY15	Q3FY15 (%)	Y-o-Y Growth
4,616	24%	Rural Products Finance	5,655	5,985	29%	30%
2,540	13%	Personal Vehicle Finance	2,760	2,818	14%	11%
332	2%	Microfinance	532	675	3%	103%
2,751	14%	Construction Equipment Finance	1,727	1,630	8%	(41%)
1,539	8%	Commercial Vehicle Finance	971	786	4%	(49%)
4,633	24%	Loans and Leases	4,962	4,923	24%	6%
2,229	11%	Loan Against Shares	2,806	2,429	12%	9%
968	5%	Supply Chain Finance	1,223	1,373	7%	42%
19,608	100%	Total	20,636	20,619	100%	5%

Loans to B2C segment grows by 27% while B2B segment sees de-growth of 8% on Y-o-Y basis

* Excluding supply chain finance disbursements which are short term in nature

Retail and Mid-Market Finance – Summary Financials

Q3FY14	9MFY14	Summary P&L (Rs. Crores)	Q2FY15	Q3FY15	9MFY15	Y-o-Y	FY14	TTM	TTM v/s FY14
720	2,077	Interest Income	829	819	2,424	17%	2,838	3,186	12%
423	1,204	Interest Expense	430	417	1,285	7%	1,631	1,712	5%
297	873	NIM	399	402	1,140	31%	1,207	1,474	22%
9	29	Fee Income	8	35	59	104%	51	81	59%
134	372	Operating Expense	157	162	461	25%	519	609	17%
172	530	Earnings before credit cost	249	275	737	39%	739	946	28%
90	244	Credit Cost	119	126	342	39%	335	433	29%
63	206	PAT	88	98	268	30%	300	361	20%
4,752	12,828	Disbursements	3,977	4,605	12,753	(1%)	17,949	17,874	0%

Q3FY14	Q4FY14	Summary BS (Rs. Crores)	Q2FY15	Q3FY15	Y-o-Y (%)
19,608	20,602	Gross Loans & Advances	20,636	20,619	5%
16,696	17,737	Borrowings	17,767	17,336	4%
2,874	2,969	Networth	3,112	3,200	11%
685	696	Gross NPAs	714	796	16%
447	447	Net NPAs	425	457	2%

- Healthy growth in PAT with moderate growth in assets driven by strong NIMs and largely stable opex
- Increase in GNPA on account of seasonality in the tractor portfolio
- Credit costs higher on account of increasing the provision coverage ratio to ~43% from 40% in Q2FY15
- As of December 2014, provision over RBI norms is Rs. 103 Cr with assets of Rs. 29 Cr lying in repossessed stock

Retail and Mid-Market Finance – Key ratios

Q3FY14	9MFY14	Key Ratios	Q2FY15	Q3FY15	9MFY15	FY14	TTM
15.00%	14.57%	Yield	16.09%	15.87%	15.69%	14.70%	15.61%
10.20%	10.08%	Cost of Funds	9.66%	9.50%	9.69%	10.02%	9.80%
6.18%	6.19%	Net Interest Margin	7.74%	7.79%	7.37%	6.30%	7.22%
0.19%	0.20%	Fee Income	0.16%	0.68%	0.38%	0.26%	0.40%
2.79%	2.64%	Operating Expenses	3.06%	3.14%	2.99%	2.71%	2.98%
3.58%	3.76%	Earnings before credit cost	4.84%	5.34%	4.77%	3.86%	4.64%
1.88%	1.73%	Credit Cost	2.31%	2.44%	2.21%	1.75%	2.12%
8.89%	9.71%	Return on Equity	11.37%	12.48%	11.58%	10.50%	11.88%
1.23%	1.38%	Return on Assets	1.59%	1.80%	1.63%	1.48%	1.67%
5.81	5.81	Gearing	5.70	5.42	5.42	5.97	5.42
3.54%	3.54%	Gross NPA %	3.50%	3.90%	3.90%	3.42%	3.90%
2.34%	2.34%	Net NPA %	2.11%	2.27%	2.27%	2.22%	2.27%
14.04%	14.04%	CRAR (Tier 1)	14.33%	15.27%	15.27%		
1.90%	1.90%	CRAR (Tier 2)	2.46%	2.64%	2.64%		
15.93%	15.93%	CRAR (Total)	16.79%	17.91%	17.91%		

- NIMs remain strong aided by high yield assets, sustained overdue collections and improved borrowing costs
- Increase in fee income linked to disbursements to mid-corporate segment and additional subvention income
- Leverage drop mainly due to stronger earnings growth compared to the asset growth
- CRAR ratios remain healthy providing sufficient headroom to increase gearing
- TTM ratios indicate improving operating performance

Housing Finance

- Expansion of sourcing to 30 operational markets by addition of 13 new branches
- Product portfolio diversification continues to be a key focus area
 - Traction in small ticket loans of less than Rs 25 lakhs due to focus on expanding into Tier-2 / Tier-3 markets and sourcing of PSL business

Q3FY14	9MFY14	FY14	Particulars (Rs. Cr.)	Q2FY15	Q3FY15	9MFY15
1,567	1,567	1,882	Loan Book	2,464	2,947	2,947
334	834	1,245	Disbursements	486	614	1,454
0.56%	0.56%	1.22%	GNPA (%)	1.60%	1.59%	1.59%
0.38%	0.38%	0.96%	NNPA (%)	1.20%	1.20%	1.20%
(3)	3	10	PAT	8	7	23
296	296	303	Networth	320	326	326
4.2	4.2	5.5	Gearing	6.9	8.4	8.4

Q3'14	Book Split	Q2'15	Q3'15
51%	Home Loans	53%	55%
39%	LAP	41%	40%
10%	CF	6%	5%

- Momentum in disbursements continues to remain strong, especially in home loan segment
 - 74% Y-o-Y disbursement growth enables book to grow 1.8x and improve gearing to 8.4x
- GNPA remains stable, pending few recoveries which are under litigation

Wholesale Finance – Market scenario and outlook

Segment	Outlook
Thermal Power	<ul style="list-style-type: none"> • Post SC decision on coal mining, Govt. focus on de-bottlenecking of coal supply a big positive • No fresh green field financing expected in 2015 – selective refinancing opportunities possible • Stalled thermal projects may resume in FY16, as some of the measures introduced by Govt. show results
Renewable Energy	<ul style="list-style-type: none"> • Wind installations expected to pick up as accelerated depreciation program is restored • Increased size and pace of solar capacity addition; draft guidelines for 3,000 MW power under NSM issued • Private equity interest in renewables expected to continue to be high going forward • Positive outlook for new capex as well as refinance in Q4FY15 and FY16
Roads	<ul style="list-style-type: none"> • EPC awarding expected to gain momentum – MoRTH awarded 3,400 km under EPC route of the 8,500 km planned for FY15; NHAI also expected to convert 3,400 km of BOT into EPC bids • Govt. action awaited on new model concession agreement and ARCs for reviving stalled projects • PPP bids expected to pick up in next 8 -12 months; outlook for refinance opportunities continues to be robust
Others	<ul style="list-style-type: none"> • Commercial real estate sector expected to see demand growth owing to better economic sentiment • Clarity on tax rules for REITs awaited – potential funding source for developers • Auction for expiring spectrum expected by Mar'15; likely to be competitive with incumbents retaining spectrum

Liquidity and order book growth for the EPC sector continues to remain weak
Policy initiatives positive, results of implementation expected to be visible in next 2-3 quarters

Wholesale Finance – Asset volumes, by product

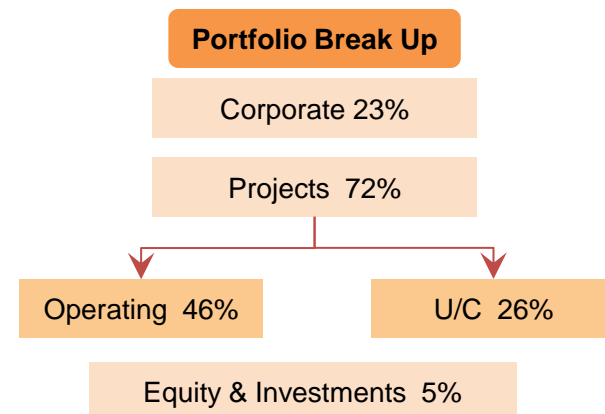
DISBURSEMENTS

Q3FY14	9MFY14	FY14	Rs. Crores	Q2FY15	Q3FY15	9MFY15	TTM	TTM v/s FY14
382	549	799	Thermal Power	97	351	717	967	21%
101	635	1,073	Renewable Power	876	1,269	2,829	3,267	204%
66	648	877	Power – Corp ¹ + T&D	457	513	972	1,200	37%
231	1,154	1,604	Transportation	40	581	1,308	1,758	10%
21	43	570	Telecom	0	197	455	982	72%
535	1,135	1,840	Others ²	1,750	1,250	3,053	3,758	104%
1,336	4,164	6,767	Total	3,220	4,160	9,333	11,935	76%

LOANS & ADVANCES

Q3FY14	Rs. Crores	Q2FY15	Q3FY15	Q3FY15 (%)	Y-o-Y (%)
2,435	Thermal Power	2,694	3,009	14%	24%
3,079	Renewable Power	3,787	4,865	22%	58%
2,119	Power – Corp ¹ + T&D	2,144	2,514	12%	19%
3,204	Transportation	4,041	4,519	21%	41%
1,768	Telecom	1,683	1,306	6%	(26%)
4,041	Others ²	5,311	5,447	25%	35%
16,645	Total	19,660	21,659	100%	30%

Portfolio Break Up



- Top 10 borrowers represent 19% of the outstanding
- Top 10 borrower groups form 28% of the outstanding

55% of disbursements in 9MFY15 to operating projects , proportion in book increased to 46% from 32% on Y-o-Y basis

Notes:

1. Corporate loans to Power companies;

2. Others includes IT parks/SEZs, infra project implementers, captive mining for power projects, healthcare, solid waste management, water treatment, select hotels, real estate, bonds etc.;

Wholesale Finance – Summary Financials

Q3FY14	9MFY14	Summary P&L (Rs. Crores)	Q2FY15	Q3FY15	9MFY15	Y-o-Y	FY14	TTM	TTM v/s FY14
498	1,458	Interest Income	586	595	1,726	18%	1,984	2,253	14%
329	944	Interest Expense	381	405	1,144	21%	1,282	1,482	16%
169	514	NIM	205	191	582	13%	703	771	10%
2	11	Fee Income	11	34	51	356%	36	75	111%
6	56	Other Income	3	12	20	(64%)	69	33	(52%)
22	75	Operating Expense	29	29	81	8%	101	107	6%
156	506	Earnings before credit cost	191	207	572	13%	706	772	9%
65	165	Credit Cost	62	95	210	27%	232	277	19%
68	253	PAT	90	81	259	2%	347	353	2%
1,336	4,164	Disbursements	3,220	4,160	9,333	124%	6,767	11,935	76%

Q3FY14	Q4FY14	Summary BS (Rs. Crores)	Q2FY15	Q3FY15	Y-o-Y (%)
16,645	17,598	Gross Loans & Advances	19,660	21,659	30%
14,072	15,703	Borrowings	17,980	19,450	38%
2,902	2,993	Networth	3,187	3,193	10%
373	524	Gross NPAs	474	484	30%
289	425	Net NPAs	367	372	28%

- Asset growth expected to moderate in Q4 on account of sell down of underwritten projects and repayments
- Asset quality remains steady with NPA provision coverage ratio at 23% and net RSA at 5.5% over last two quarters
 - Credit cost increase on account of certain voluntary provisions and provisions against security receipts
- As of December 2014, the provision over RBI norms stands at Rs. 81 Cr

Wholesale Finance – Key ratios

Q3FY14	9MFY14	Key Ratios	Q2FY15	Q3FY15	9MFY15	FY14	TTM
12.25%	12.42%	Yield	12.42%	11.52%	11.96%	12.37%	12.07%
9.56%	9.65%	Cost of Funds	9.41%	9.02%	9.19%	9.51%	9.25%
4.17%	4.38%	Net Interest Margin	4.33%	3.69%	4.03%	4.38%	4.12%
0.05%	0.09%	Fee Income	0.24%	0.65%	0.35%	0.22%	0.40%
0.15%	0.48%	Other Income	0.07%	0.23%	0.14%	0.43%	0.38%
0.55%	0.64%	Operating Expenses	0.61%	0.56%	0.56%	0.63%	0.57%
3.83%	4.31%	Earnings before credit cost	4.04%	4.01%	3.96%	4.40%	4.12%
1.60%	1.41%	Credit Cost	1.31%	1.84%	1.46%	1.45%	1.48%
9.45%	12.69%	Return on Equity	11.46%	10.17%	11.09%	12.72%	11.48%
1.54%	2.02%	Return on Assets	1.71%	1.41%	1.62%	2.01%	1.71%
4.85	4.85	Gearing	5.64	6.09	6.09	5.25	6.09
2.40%	2.40%	Gross NPA %	2.53%	2.30%	2.30%	3.10%	2.30%
1.87%	1.87%	Net NPA %	1.97%	1.78%	1.78%	2.53%	1.78%
16.22%	16.22%	CRAR (Tier 1)	14.46%	13.60%	13.60%		
1.50%	1.50%	CRAR (Tier 2)	2.19%	2.66%	2.66%		
17.72%	17.72%	CRAR (Total)	16.65%	16.26%	16.26%		

- NIMs impacted by large disbursements in the last week of Q3 and increase in gearing, while Q2 NIMs impacted by higher prepayments
- Robust fee / other income in Q3 from FAS in the renewable sector and closure of certain large ticket transactions
- Opex continues to remain stable despite recognition of CSR expenses in FY15

Investment Management – Outlook and strategy

Industry update

- Industry average assets increased by 4% from Rs 1,059,738 Cr in Q2FY15 to Rs 1,105,690 Cr in Q3FY15 based on the quarterly AAUM
- Equity assets increased with market movement and improved gross and net sales
- Money market category increased on account of improved net inflows
- Growth in FMP continues to be impacted with 2014 budget announcement on capital gains

Q4FY15 strategy

- Launch of L&T Resurgent India Bond Fund
- Continued focus on building equity and SIP book
- Hosting investor education events and seminars
- Operational expense control through efficient spends and optimal cost structures

Key Risks

- Significant market corrections and regulatory announcements

Investment Management – Performance overview

Profile

- Diversified investor base of nearly 8 lakh accounts based out of 500+ districts with a branch network spanning over 50 cities
- Comprehensive portfolio, with 25+ funds across asset classes, risk profiles and time horizons

Quarterly Highlights

- Revenue growth lead by positive equity flows
- L&T Business Cycles Fund (launched in Q2FY15) AUM increased by Rs 250 Cr during the quarter from Rs 560Cr to Rs 810 Cr
- Improved equity mix lead by higher inflows and market movement

Q3FY14	9MFY14	Rs. Crores	Q2FY15	Q3FY15	9MFY15	Y-o-Y
23.4	64.7	Operating Revenue	31.3	34.0	89.4	38%
22.5	65.2	Opex	31.3	31.6	87.5	34%
0.9	(0.4)	PAT(before amortization)	0.0	2.4	2.0	-
17,002	17,002	Average AUM ¹	20,673	21,336	21,336	25%
0.52%	0.54%	Management Fees/AUM	0.59%	0.62%	0.56%	-
0.02%	0.00%	Net Margin (before amortization)	0.00%	0.04%	0.01%	-

Q3FY14	AAUM Composition	Q2FY15	Q3FY15	AAUM (Rs Cr)	AAUM (Rs Crores)	Q2FY15	Q3FY15	%
28%	Equity/Hybrid	32%	35%	7,468	Industry	1,059,738	1,105,690	4%
38%	Cash/Ultra Short Term	40%	38%	8,108	L&T MF	20,673	21,336	3%
18%	FMP	17%	15%	3,200				
16%	Other Fixed Income	11%	11%	2,347				

Notes: ¹AUM is quarterly average

Please refer to annexure at the end of this presentation for the asset wise & geography wise AUM disclosures, disclaimers & risk factors

Wealth Management – On the growth path

Profile

- L&T Capital Markets Ltd (LTCM) offers wealth advisory services through two channels in 9 major cities in India and a Representative office in Dubai

Business	Customer Segment
Private Wealth	High Net Worth Individuals (HNI)
Premier Wealth	Mass affluent

- Dedicated set of research professionals along with senior Private Bankers and offers a portfolio of comprehensive products and services (Equity, Mutual Funds, Real Estate and Fixed Income)
 - Offer ancillary services like Estate Planning and Lending Solutions

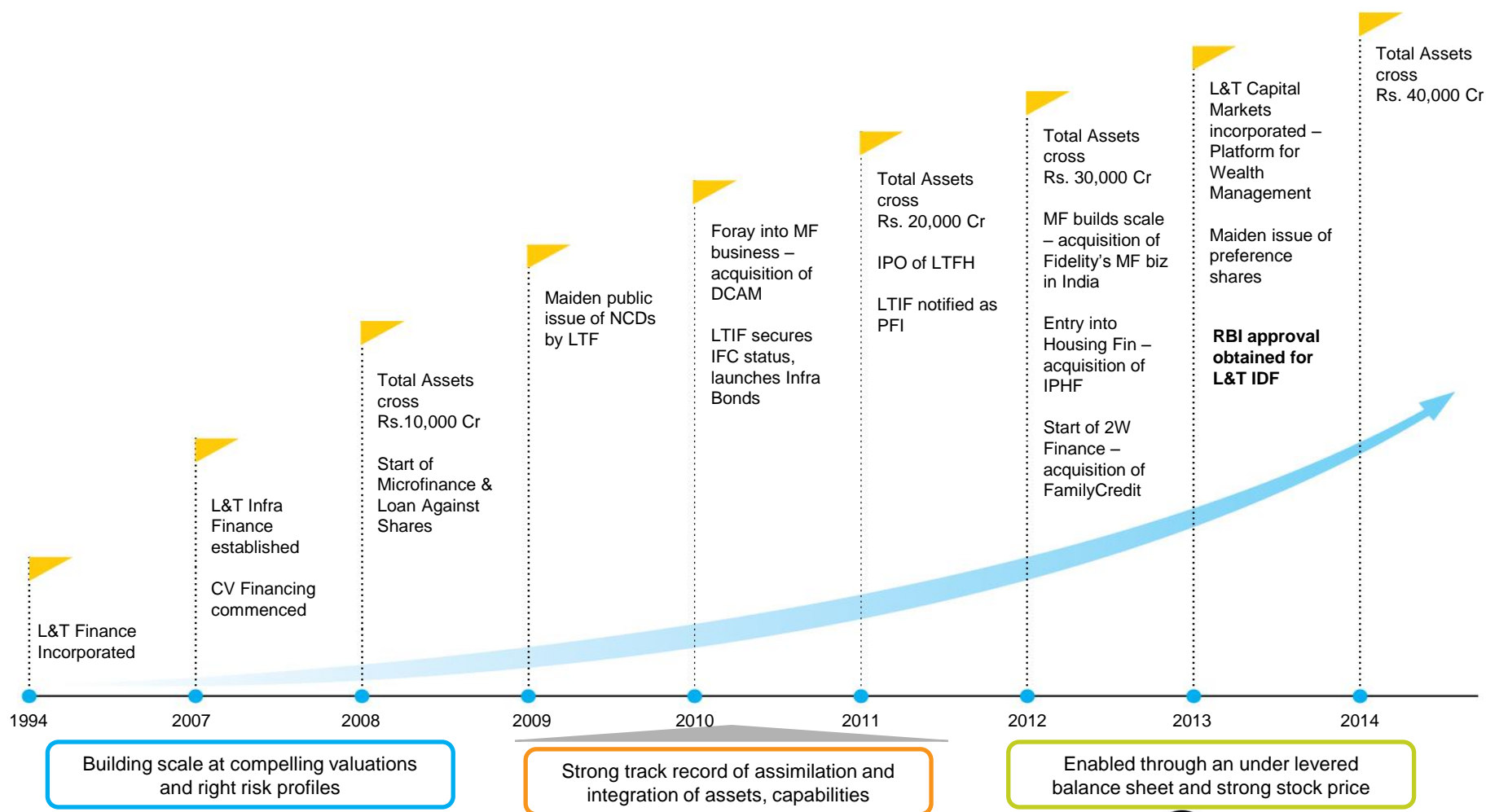
	Q3FY14	Q2FY15	Q3FY15
AAUS (Rs Cr) *	5,038	6,117	6,274
No of clients	~1,600	~2,500	~2,700

- Q4FY15 Strategy
 - Continue to focus on providing customized solutions to domestic clients
 - Focus on developing our presence in the Dubai market
 - Grow Real Estate advisory business
 - Improve product mix with a bias towards equity and alternate assets

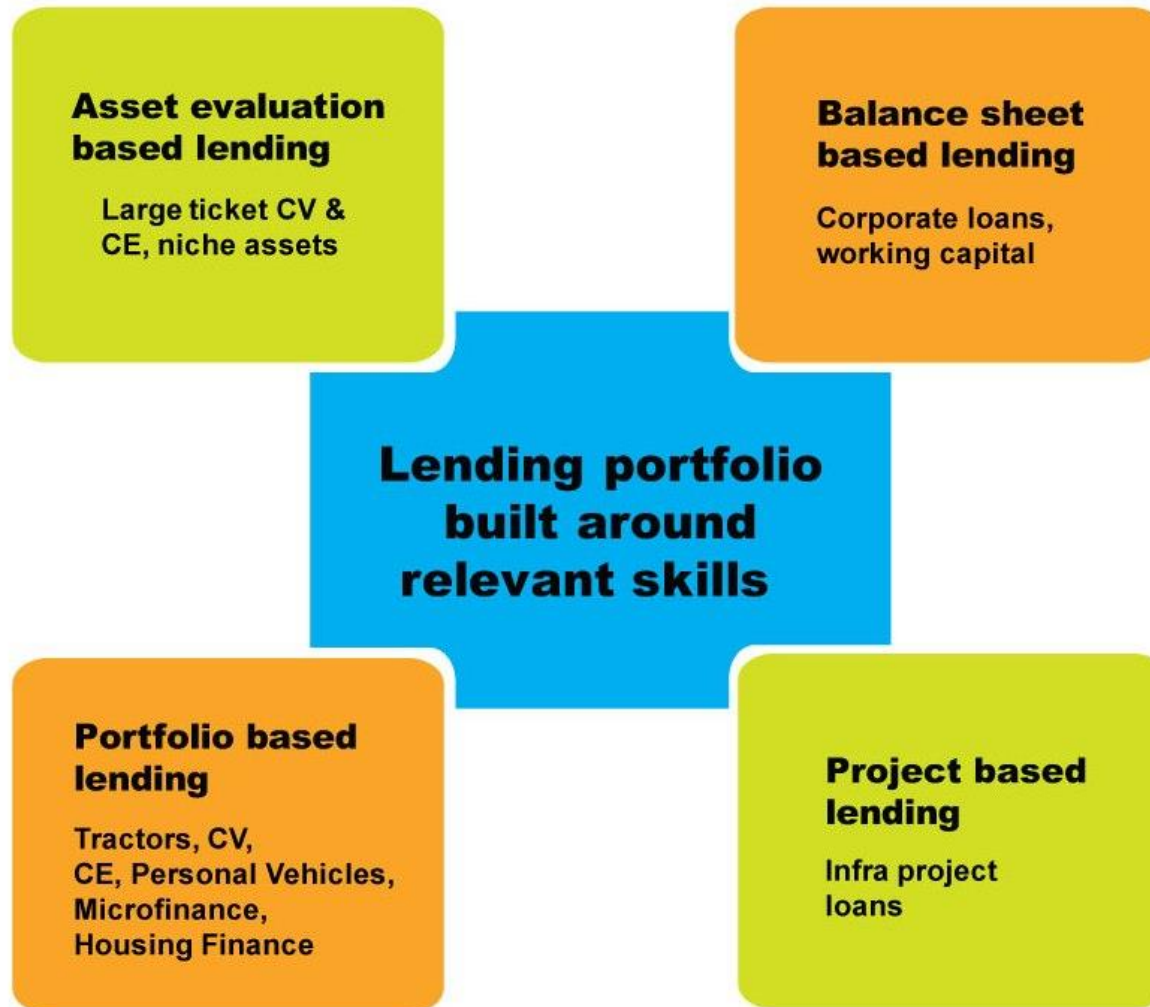
Appendix

Building scale and a comprehensive financial services offer

Key Milestones



Lending business based on four key themes...



Notable risk management enhancements made

	Retail and Mid-Market Finance	Wholesale Finance
Credit risk	<ul style="list-style-type: none"> Centralized framework for evaluation of loan proposals Strong Analytics team to constantly monitor portfolio and improve quality of sourcing and collection, active usage of credit bureaus 	<ul style="list-style-type: none"> Proposals evaluated per internal model & presented to central committee headed by external director to authorize proposals Regular portfolio review by risk management committee chaired by independent director
Provisioning policy	<ul style="list-style-type: none"> Potential foreclosure losses factored for retail loan provisioning NPAs up to 540 days - Difference between POS & notional value of asset provided for NPAs beyond 540 days – Fully provided for 100% provision against unsecured loans 	<ul style="list-style-type: none"> SAP up to 40 bps Voluntary provision of 3% - 8% for identified assets New restructured standard assets – 5.0% Existing restructured standard assets – to enhance from 2.75% to 5.0% over 3 years
	Operational risk	ALM strategy
	<ul style="list-style-type: none"> Centralized loan authorization and disbursement Quality check for data and process compliance Centralized receipting to control frauds and leakages Change in payment mode- steady movement towards PDC/ECS Fully implemented PML and KYC verifications including negative profile filtering 	<ul style="list-style-type: none"> Combination of short term and long term borrowings to match yield and maturities Good mix of floating and fixed rate loans to manage basis risks Pricing matrix in place to price loans, with periodic review to capture interest rate movement

Robust corporate governance

Corporate Governance

Corporate Governance viewed as an ongoing process at LTFH

- Over and above regulatory requirements, corporate governance has a fundamental link with the organization's business, corporate responsibility and shareholder wealth maximization

Board of Directors

Board of Directors is broad based at LTFH level and at the material subsidiary level

- LTFH board has 5 independent directors, more than that mandated by law
- Presence of independent directors on the boards of all material subsidiary companies much before regulation made it mandatory
- Directors on the boards come with rich experience in their respective fields

Committees

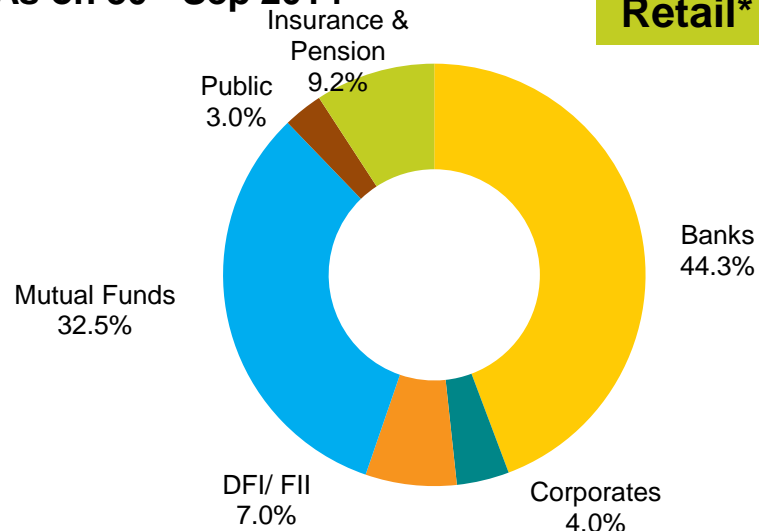
The boards at LTFH level and at the material subsidiary level have constituted the following committees to oversee specific areas:

- Audit Committee, Shareholders' Grievance Committee, Nomination & Remuneration Committee, IPO Committee, Committee of Directors, Asset Liability Committee and Risk Management Committee
- Most of these committees are headed by independent directors

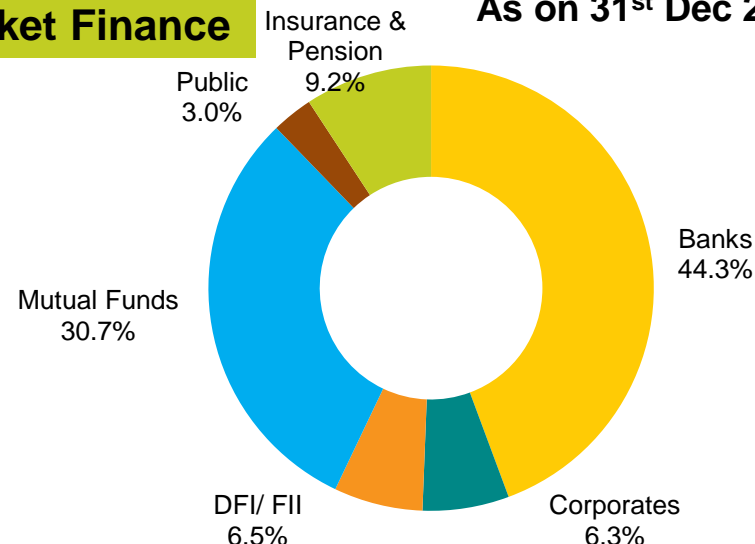
Debt Composition – Source Wise

Retail* & Mid-Market Finance

As on 30th Sep 2014

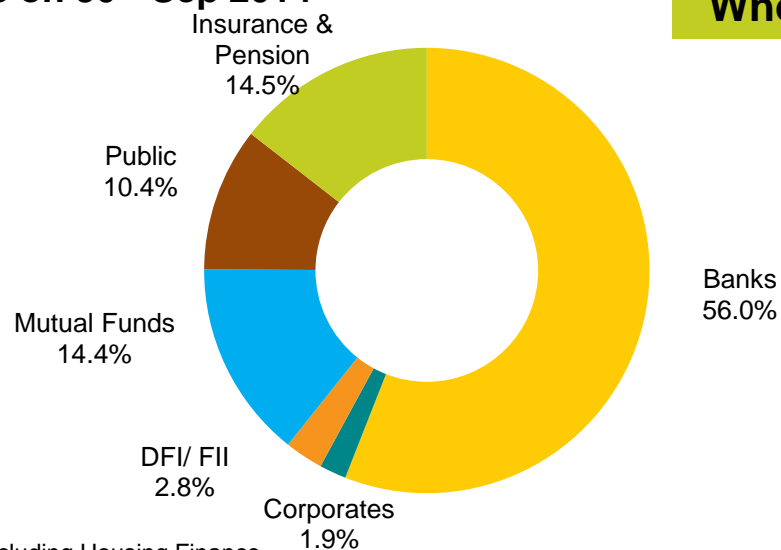


As on 31st Dec 2014

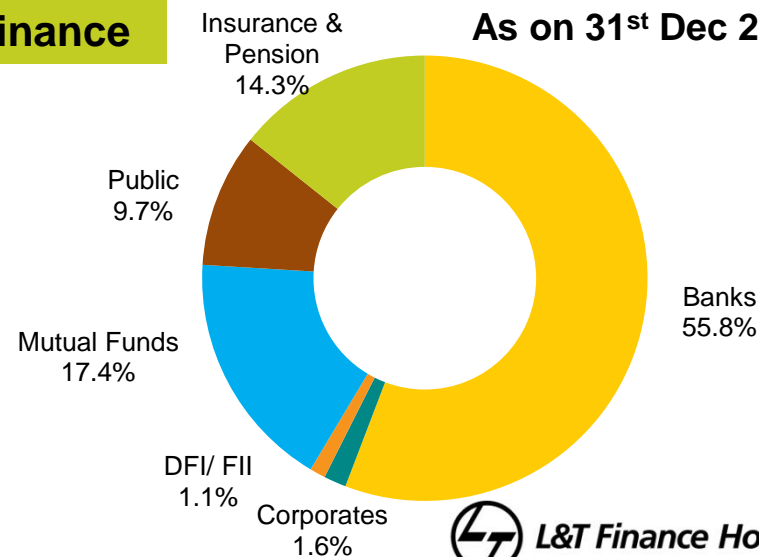


Wholesale Finance

As on 30th Sep 2014

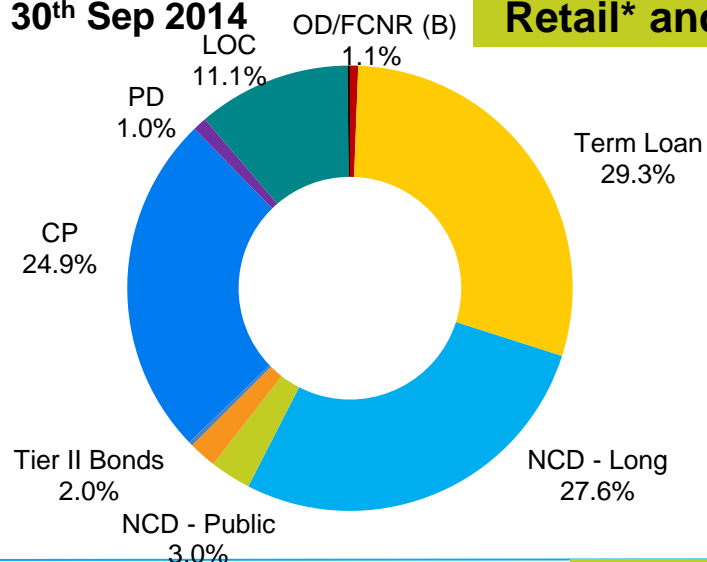


As on 31st Dec 2014

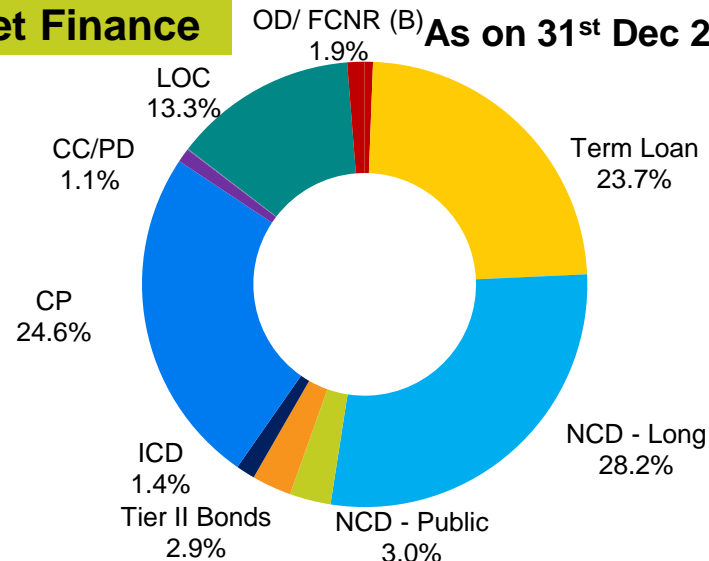


Debt Composition – Instrument Wise

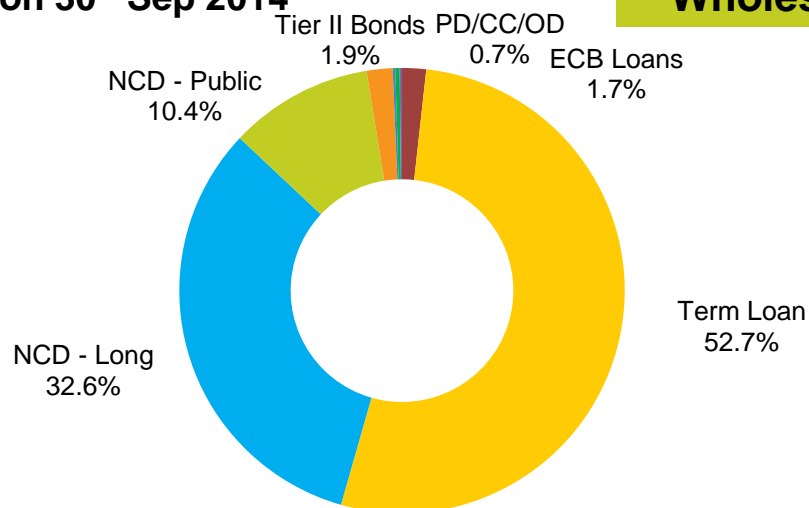
As on 30th Sep 2014



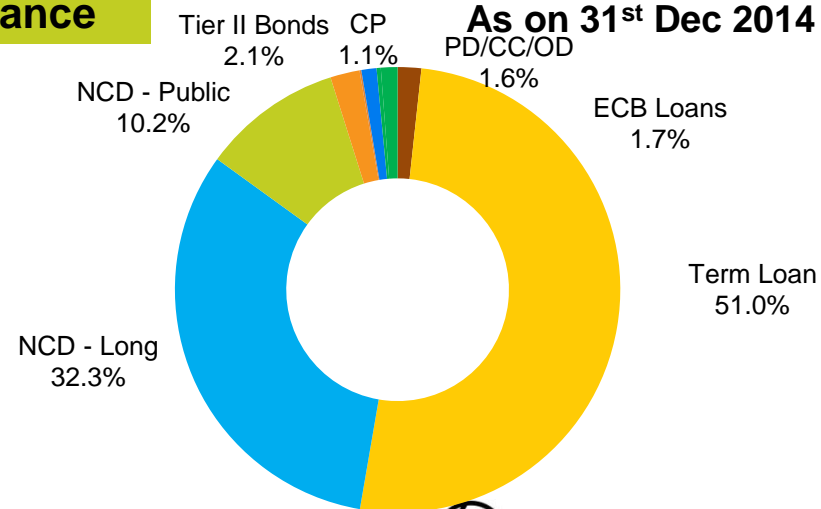
As on 31st Dec 2014



As on 30th Sep 2014



As on 31st Dec 2014



* Excluding Housing Finance

AUM Disclosure for December 2013

ASSETS UNDER MANAGEMENT (“AUM”) REPORT FOR THE QUARTER ENDED DECEMBER 2013

Table I

Asset class wise disclosure of AUM & Average AUM		
	AUM as on the last day of the Quarter	Average AUM for the quarter (Rs. in Lakhs)
Income	707,618.41	676,283.65
Equity (other than ELSS)	338,394.67	335,375.56
Balanced	0.00	0.00
Liquid	654,142.85	557,410.05
Gilt	11,482.54	7,937.65
Equity - ELSS	117,028.25	114,123.66
Gold ETF	0.00	0.00
Other ETF	0.00	0.00
Fund of Fund Overseas	9,986.92	9,120.07
Total	1,838,653.64	1,700,260.64

Table II

Disclosure of percentage of AUM by geography	
Geographical Spread	% of Total AUM as on the last day of the Quarter
Top 5 cities	71%
Next 10 cities	17%
Next 20 cities	5%
Next 75 cities	3%
Others	3%
Total	100%

AUM Disclosure for September 2014

ASSETS UNDER MANAGEMENT (“AUM”) REPORT FOR THE QUARTER ENDED SEPTEMBER 2014

Table I

Asset class wise disclosure of AUM & Average AUM		
	AUM as on the last day of the Quarter	Average AUM for the quarter (Rs. in Lakhs)
Income	714,551.04	812,390.11
Equity (other than ELSS)	545,736.42	490,325.19
Balanced	0.00	0.00
Liquid	484,636.80	603,957.79
Gilt	6,818.20	7,045.70
Equity - ELSS	150,445.06	146,075.05
Gold ETF	0.00	0.00
Other ETF	0.00	0.00
Fund of Fund Overseas	6,840.06	7,476.80
Total	1,909,027.57	2,067,270.64

Table II

Disclosure of percentage of AUM by geography	
Geographical Spread	% of Total AUM as on the last day of the Quarter
Top 5 cities	71%
Next 10 cities	16%
Next 20 cities	5%
Next 75 cities	4%
Others	4%
Total	100%

AUM Disclosure for December 2014

ASSETS UNDER MANAGEMENT (“AUM”) REPORT FOR THE QUARTER ENDED DECEMBER 2014

Table I

Asset class wise disclosure of AUM & Average AUM		
	AUM as on the last day of the Quarter	Average AUM for the quarter (Rs. in Lakhs)
Income	751,227.22	748,972.23
Equity (other than ELSS)	627,991.22	586,062.59
Balanced	0.00	0.00
Liquid	482,532.83	630,747.00
Gilt	3,684.06	5,128.45
Equity - ELSS	160,084.11	156,440.04
Gold ETF	0.00	0.00
Other ETF	0.00	0.00
Fund of Fund Overseas	5,761.05	6,252.42
Total	2,031,280.50	2,133,602.73

Table II

Disclosure of percentage of AUM by geography	
Geographical Spread	% of Total AUM as on the last day of the Quarter
Top 5 cities	71%
Next 10 cities	16%
Next 20 cities	4%
Next 75 cities	4%
Others	5%
Total	100%

Our parent company, L&T, is India's largest engineering and construction company in the private sector

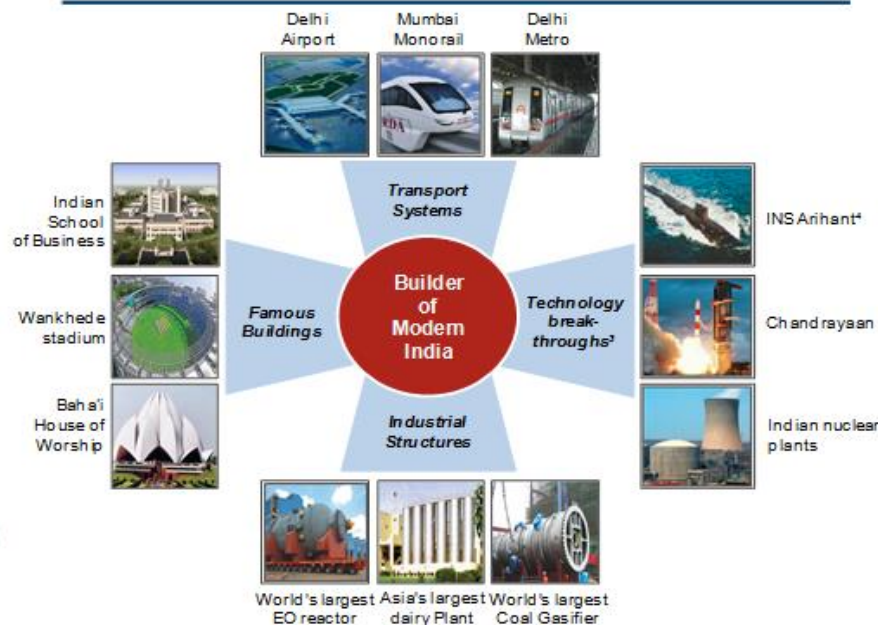
L&T Group has a long and illustrious history in India...

L&T was founded in 1938 by two Danish Engineers



- Revenue: ~ Rs. 859 bn¹
- PAT: ~ Rs. 49 bn¹
- Market Capitalization: ~ Rs. 1,616 bn²

... and has been involved in India's hallmark projects



- **L&T Ranked No.1 in Quality of Leadership & India's Second Most Admired Company - Fortune India Survey, Aug 2014**
- **L&T in Top 10 'Best Indian Brands' - Interbrand & The Economic Times Survey, Jul 2013**
- **L&T: Ranked 58th amongst World's Most Innovative Companies – Forbes Magazine, Aug 2014**
- **L&T among India's Top 5 most respected companies – Business World, Aug 2013**

**“L&T Finance Holdings will be an admired and inspirational financial institution,
creating sustainable value for all its stakeholders.”**

L&T Finance Holdings Ltd

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