



Building to become
a comprehensive financial services player

Investor Presentation, Q1FY16



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● L&T Finance Holdings

— Highlights

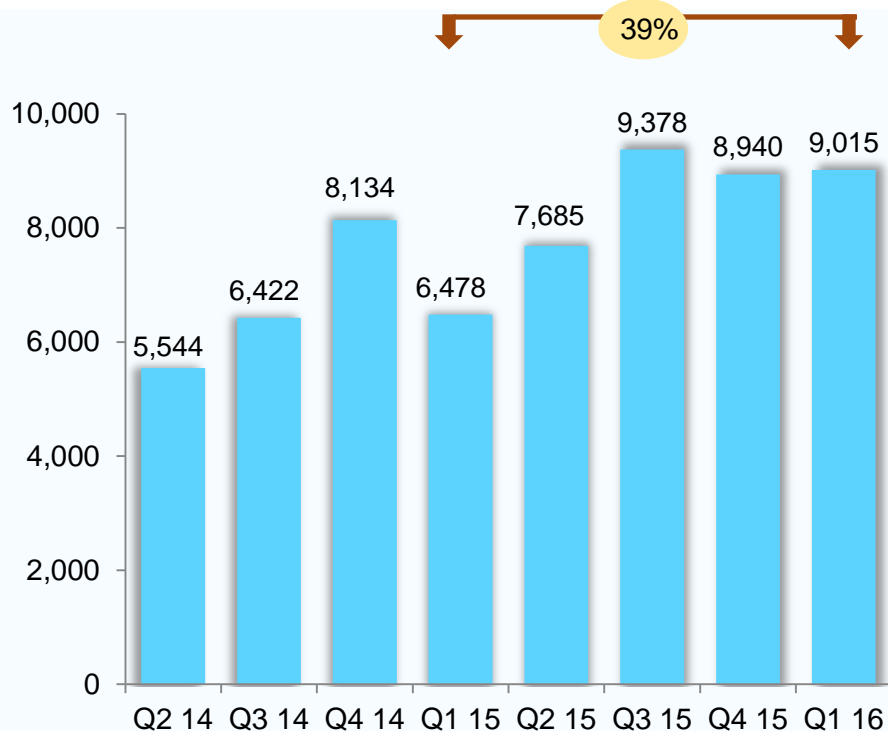
● Key Performance Highlights

● Performance And Outlook – By Business

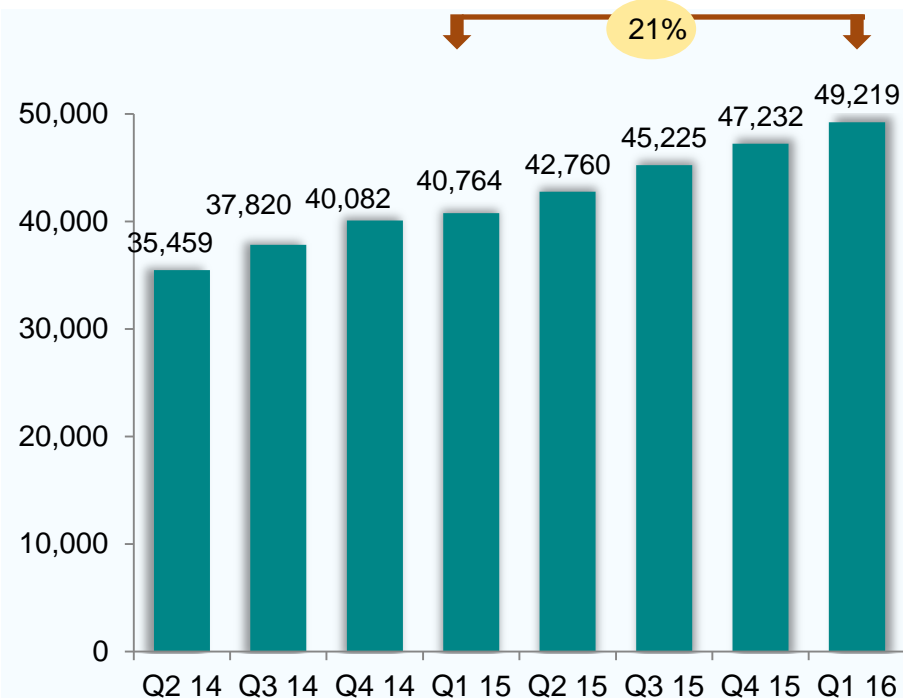
● Appendix

Stable Growth In Loan Assets

Disbursements (Rs. Cr.)



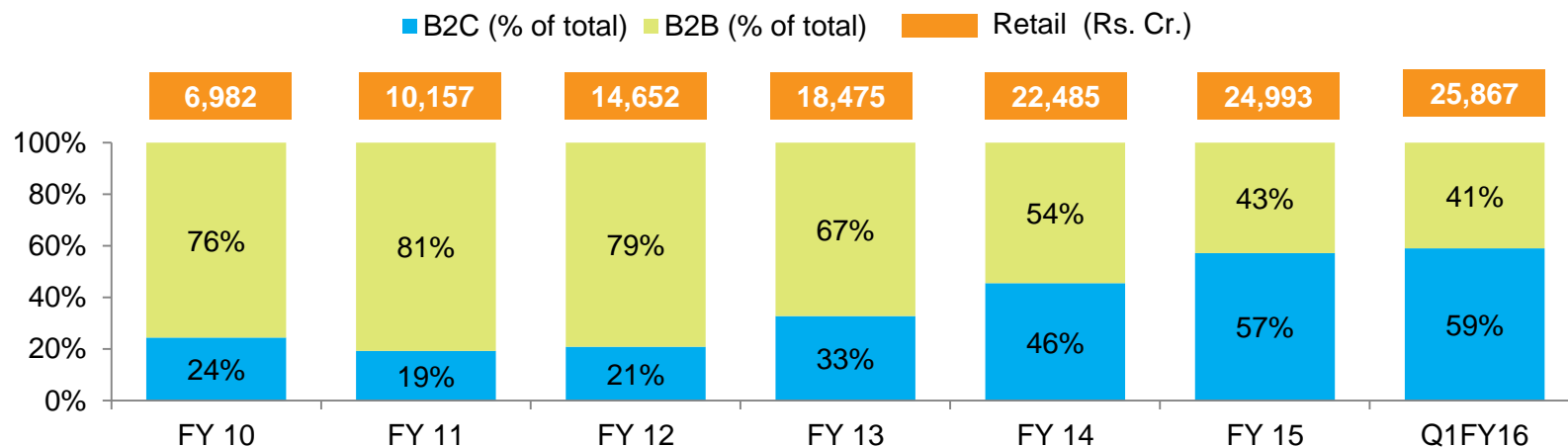
Loans & Advances (Rs. Cr.)



- Healthy growth in disbursements in our key focus segments –
 - B2C products (Tractors, 2 Wheelers, Housing Finance and Microfinance) and SME Finance
 - Operating projects in renewables and roads in wholesale finance
- Disbursements to tractors and road projects have seen a de-growth on a Y-o-Y basis in Q1FY16

Strategic Shift Towards B2C Products In Retail Finance

Composition Of The Loan Book By Product Segment

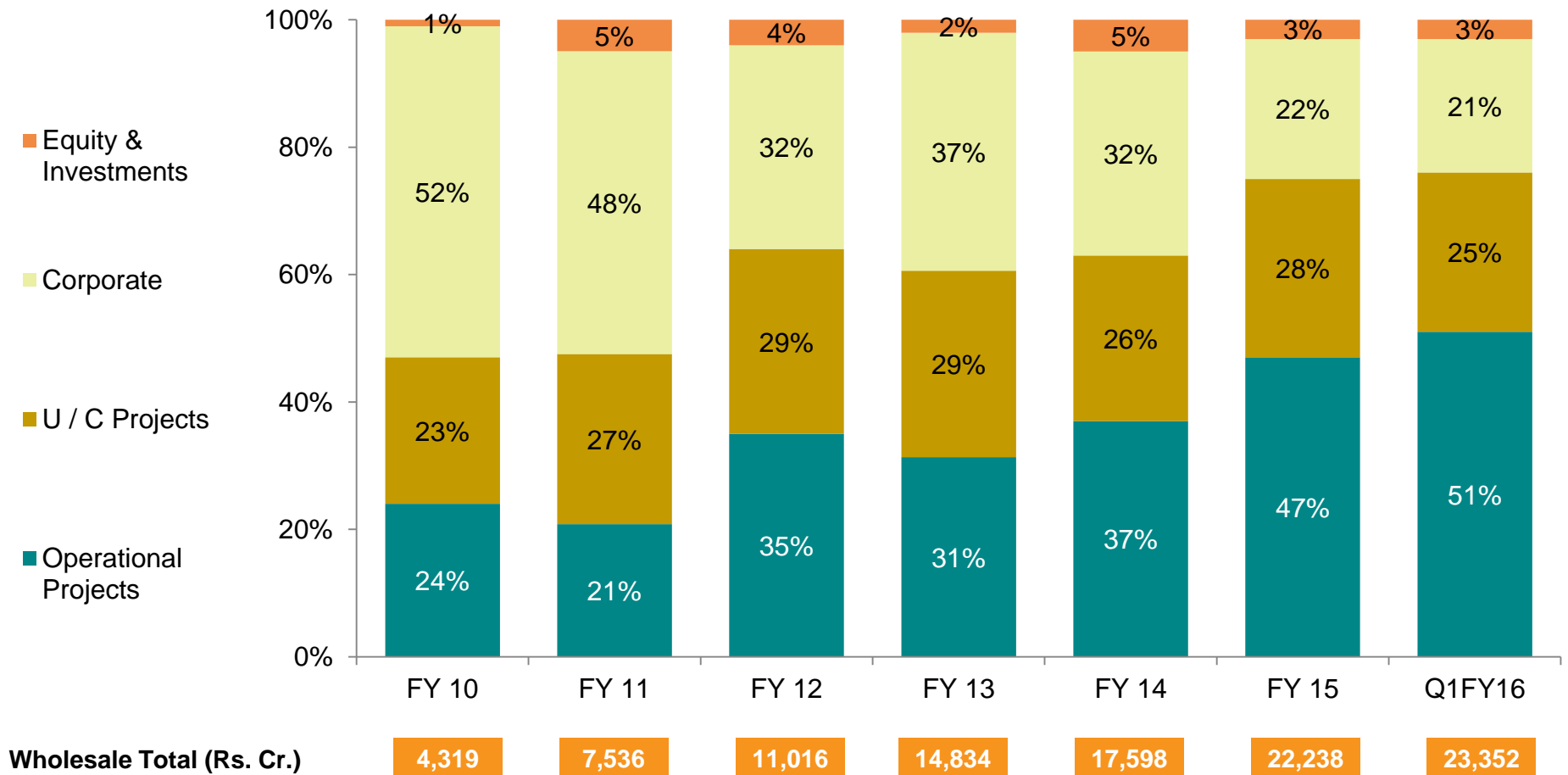


Product Segment	FY10	FY11	FY12	FY13	FY14	FY15	Q1FY16
B2C							
Rural Products Finance	17%	16%	19%	19%	23%	25%	24%
Personal Vehicle Finance	0%	1%	0%	11%	12%	11%	11%
Microfinance	7%	3%	1%	1%	2%	4%	5%
Housing Finance	0%	0%	0%	2%	9%	17%	19%
B2B							
Mid-Market	31%	36%	36%	34%	34%	28%	29%
SME - Supply Chain Fin.	5%	4%	6%	6%	5%	7%	6%
SME - CE / CV	40%	41%	36%	27%	16%	8%	6%

Consistent focus to grow in B2C segments – expansion in existing product lines and entry into new businesses

Wholesale Business – Focus on Operational Projects

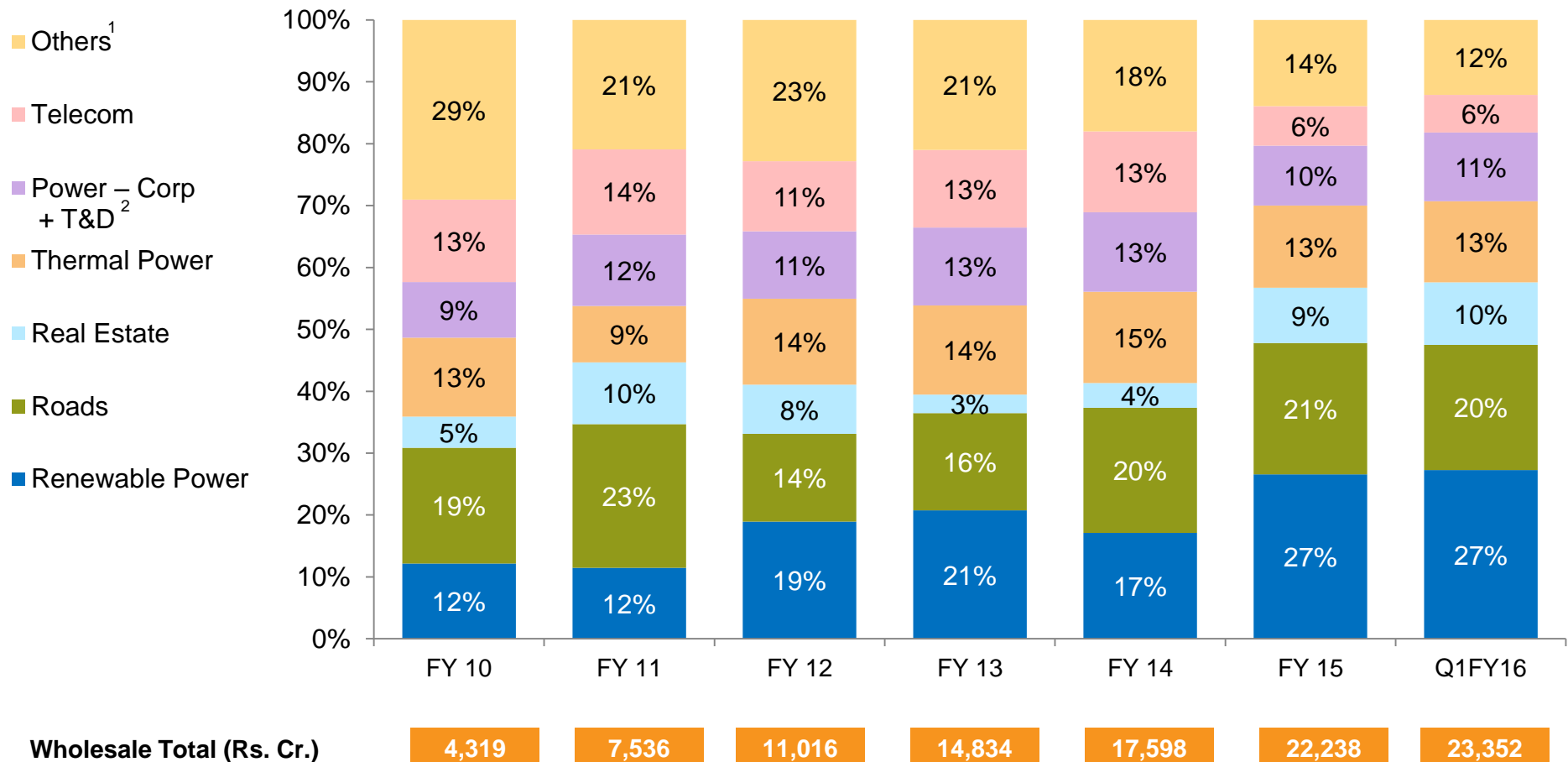
Composition Of The Loan Book



With 50% risk weightage and low credit costs, operational projects yield healthy RoEs even at lower spreads

Wholesale Business – Leading financier in Renewables

Composition Of The Loan Book



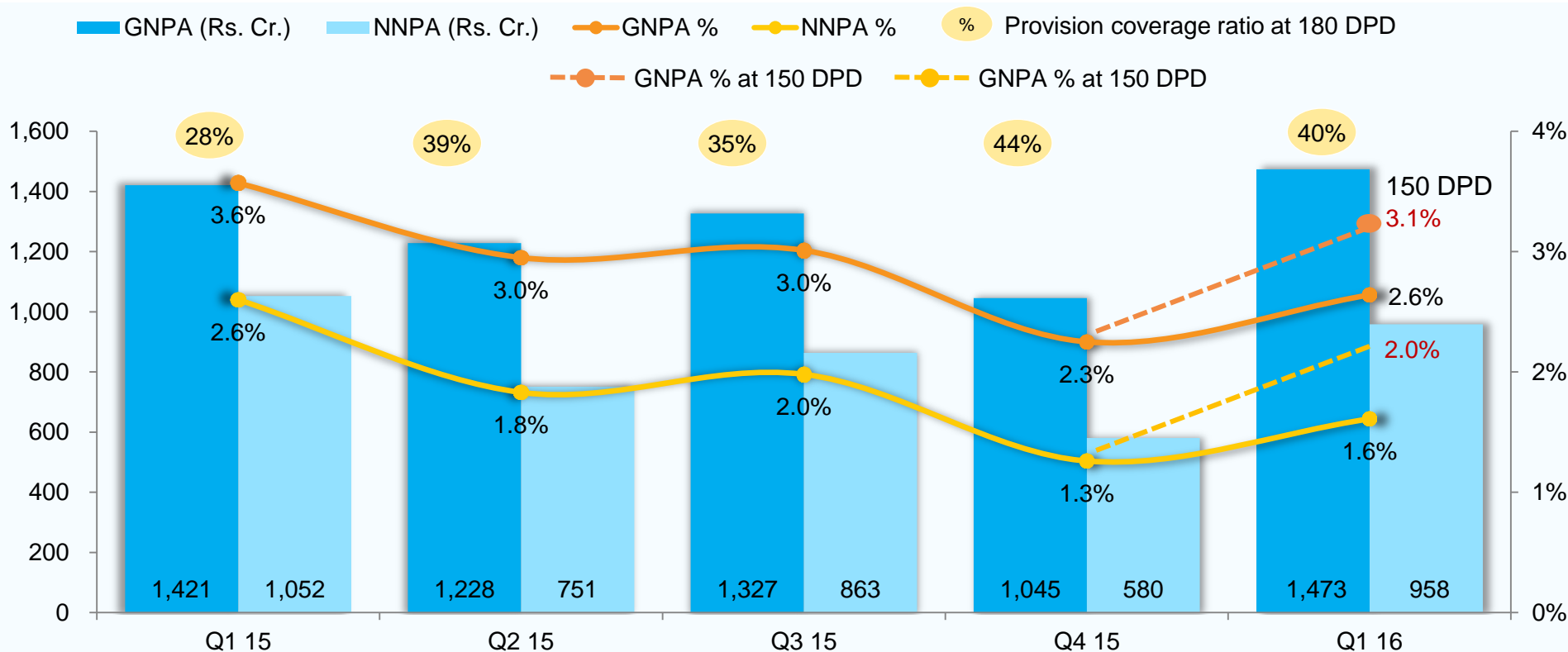
Focus on operational projects with renewables and roads being key growth areas

¹ Corporate loans to Power companies

² Others includes infra project implementers, captive mining for power projects, healthcare, solid waste management, water treatment, select hotels, bonds etc.

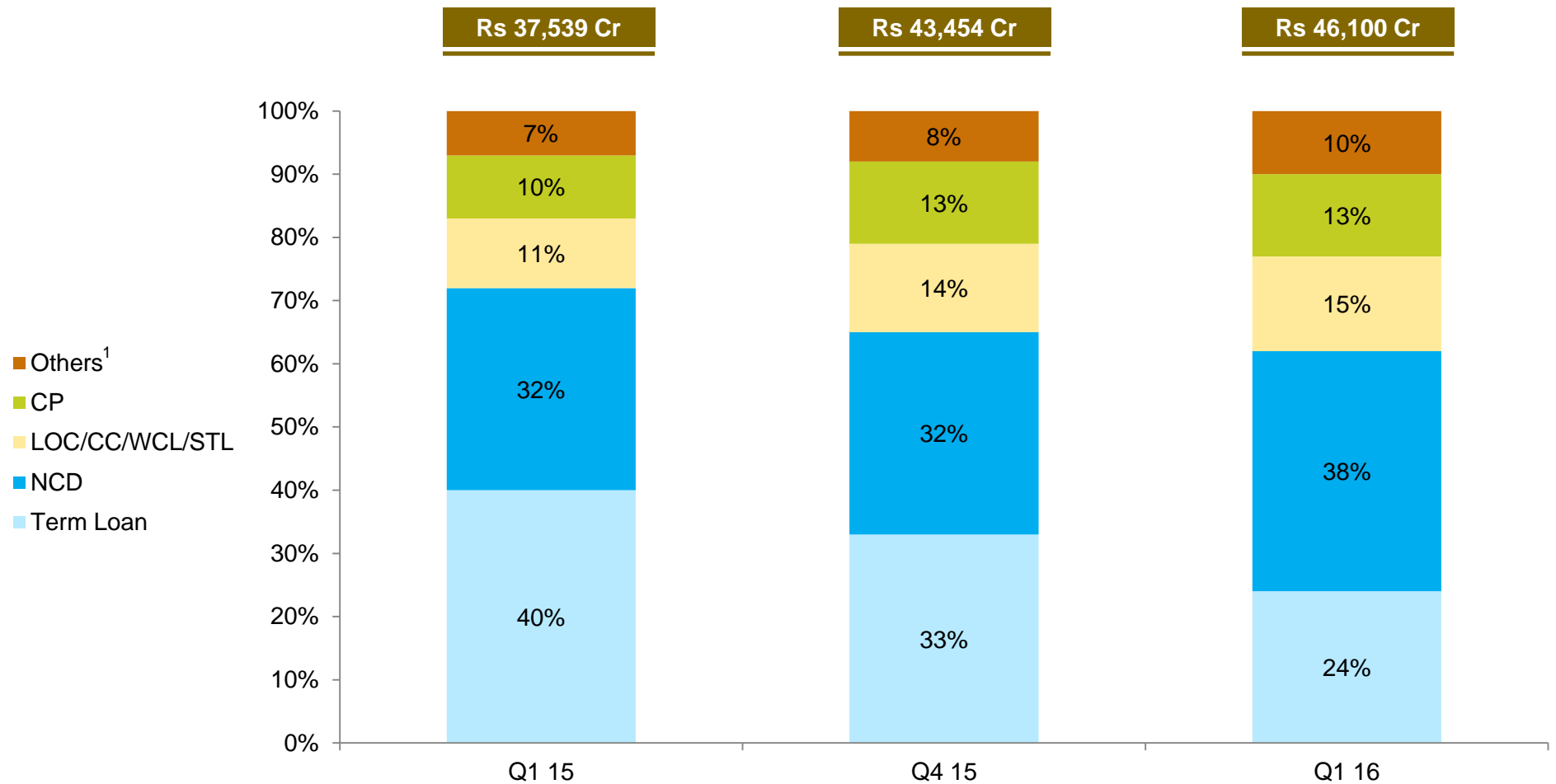
Improved Asset Quality & Stronger Balance Sheet

Asset Quality Indicators



- NPA recognition at 150 DPD from Q1FY16 – GNPA remains steady on a Y-o-Y basis despite higher seasonality in the farm portfolio
- Provision coverage of 40% for 180+ DPD assets
- Provisions in excess of RBI norms at ~Rs. 190 Cr. with repo assets of Rs. 43 Cr.
- Overall asset quality (net NPA + net RSA + net SRs) is at 5.02% as of Q1FY16

Effective Liability Management

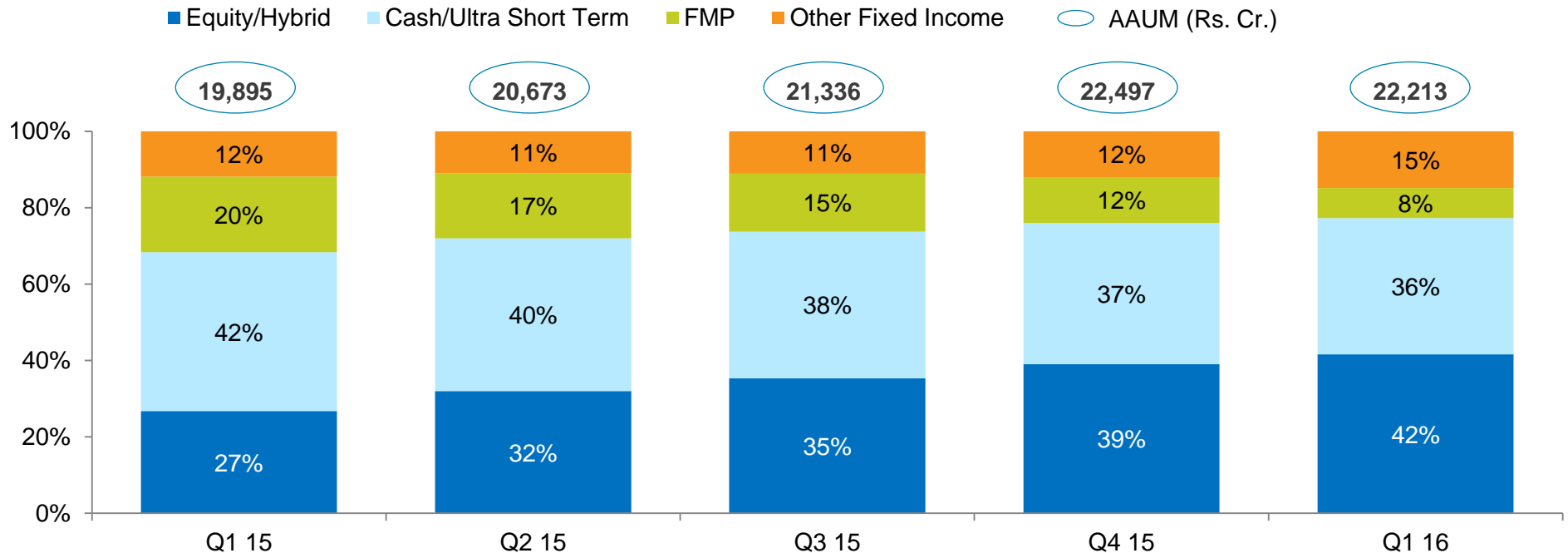


Focus on diversifying sources of funds – increased proportion of market borrowings

¹ Others includes Tier II bonds, Public Deposits ,Preference Shares , FCNR/ ECB

Smart Growth in Equity Assets in Investment Management

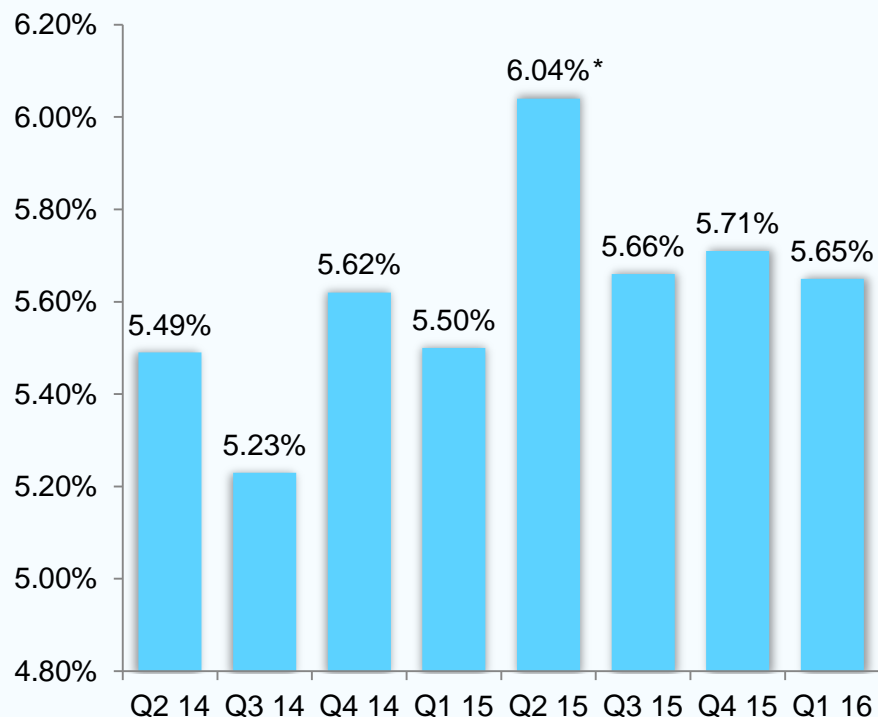
AAUM Composition



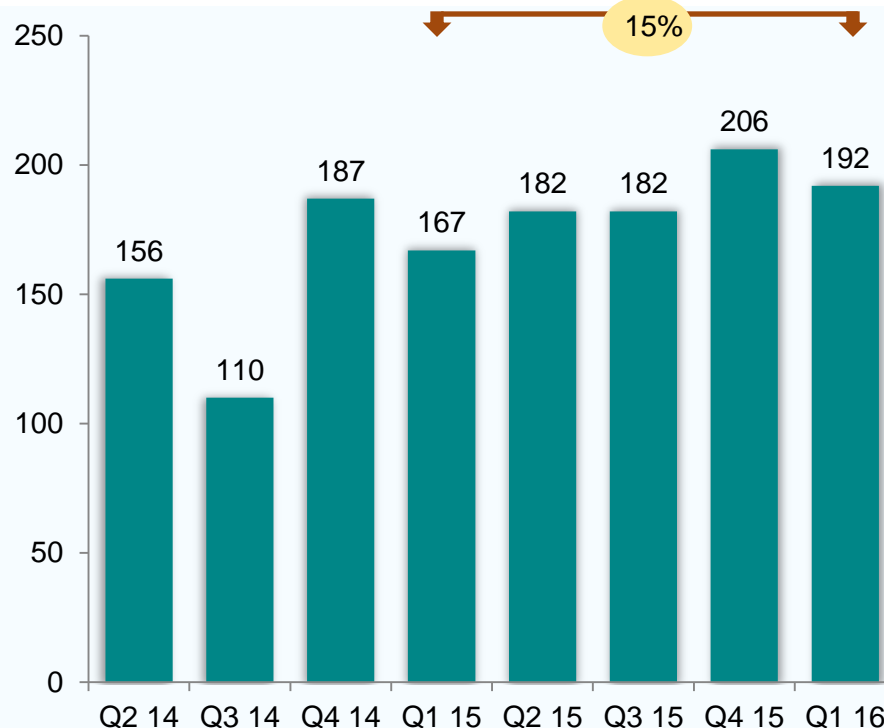
- Average AUM at ~Rs. 22,213 Cr. represents a 12% increase on a Y-o-Y basis
 - Equity AAUM grows by 76% on a Y-o-Y basis to reach Rs 9,329 Cr led by strong net sales and launch of NFOs
 - FMPs impacted by the 2014 budget announcements related to capital gains on fixed income products

Healthy Growth In Profits

NIM %



PAT (Rs. Cr.)



- Profit (before exceptional items) grows by 15% Y-o-Y in Q1FY16
 - Provision of SAP at 30 bps from 25 bps and income reversal in the 150 – 180 DPD bucket on incremental assets
 - Voluntary provisions against select stressed accounts
- DTA of Rs 4.5 Cr against carry forward MAT credits accounted in Q1FY16

* Impact of high overdue collections and one time impact of lower interest rates on retrospective basis

 L&T Finance Holdings Highlights **Key Performance Highlights** Performance And Outlook – By Business Appendix

Summary Financial Performance – Key Operating Entities

Financial Highlights						Comments
Q1FY15	Rs. Crores	Q4FY15	FY15	Q1FY16	Y-o-Y	
Lending Businesses (Retail Finance, Wholesale Finance)						
40,764	Loans and Advances	47,232	47,232	49,219	21%	○ Driven by B2C segments and operational projects
6,478	Disbursements	8,940	32,480	8,845	37%	
558	NIM	660	2,471	681	22%	○ Healthy NIMs – increase in B2C assets & lower borrowing costs
409	Earnings before credit cost	495	1,856	513	26%	
159	Credit cost	244	813	248	56%	○ Credit costs due to higher farm delinquencies and amortization of losses from ARC sale
178	PAT	170	720	178	-	
5.52%	NIM (%)	5.71%	5.68%	5.65%	0.13%	○ Gross NPA (%) for Q1FY16 at 180 DPD is 2.64 %
3.57%	Gross NPA (%) *	2.25%	2.25%	3.05%	(0.52%)	
11.26%	ROE (%)	10.22%	11.07%	10.59%	(0.67%)	○ RoEs expected to improve with stabilization in book quality and consequent lower credit costs
Investment Management						
19,895	Average AUM	22,497	22,497	22,213	12%	○ Increase in market share of equity AUM
5,309	- Average Equity / Hybrid AUM	8,774	8,774	9,329	76%	
(0.4)	PAT before amortization	3.3	5.3	2.2	-	

* Q1FY16 GNPA (%) is with NPA recognition at 150 DPD for all lending business (Housing Finance Company recognizes NPAs at 90 DPD)

Summary Financial Performance – LTFH Consolidated

Consolidated P&L And Balance Sheet Summary

Q1FY15	Summary P&L (Rs. Cr.)	Q4FY15	FY15	Q1FY16	Y-o-Y
286	Consolidated PAT	206	855	193	(33%)
119	Exceptional Item*	-	119	-	-
167	PAT before Exceptional Item	206	736	192	15%
178	- Lending Business	170	720	178	0%
(12)	- Others	37	16	14	-
9.77%	Return on Equity #	11.21%	10.10%	8.96%	(0.78%)
0.84 &	EPS #	1.01 &	3.61	0.84&	0%

Q1FY15	Summary BS (Rs. Cr)	Q4FY15	Q1FY16	Y-o-Y (%)
6,105	Net worth (excluding preference capital)	6,377	6,566	8%
1,263	Preference Capital	1,363	1,963	55%
7,368	Net worth (with preference capital)	7,740	8,529	16%
3,043	- Retail & Mid-Market Finance	3,190	3,286	8%
312	- Housing Finance	337	338	8%
3,084	- Wholesale Finance	3,149	3,279	6%
929	- Others (incl. cash & consol. elimination)	1,064	1,626	75%
36,276	Borrowings	42,091	44,137	22%
35.52	Book Value per Share (Rs.)	37.07	38.16	7%








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

- L&T Finance Holdings
 - Highlights
- Key Performance Highlights
- **Performance And Outlook – By Business**
- Appendix

Retail Finance – Market Scenario And Outlook

Segment	Market Scenario & Outlook with Y-o-Y Disbursement Growth for Retail Business	Y-o-Y %
Rural Products	<ul style="list-style-type: none"> Tractor sales dropped by 16% in Q1FY16 (de growth in sales of 13% in FY15) Tractor industry expected to see flat to negative growth of 4-6% during FY16 (Source: ICRA) Monsoons to be at 88% of the LTA (IMD) , impact of deficient rainfall on agriculture under watch 	 (13%) Tractor
Personal Vehicles	<ul style="list-style-type: none"> 2W sales up by 0.6% while car sales grew by 8.5% during Q1FY16 Increased disposable income and line-up of new models to be primary drivers for volume growth 	 21% 2 W
Micro Finance	<ul style="list-style-type: none"> Industry wide disbursement amount increased by 46% and number of accounts grew by 33% Launch of Mudra Bank will further strengthen the sector 	 184%
Housing Finance	<ul style="list-style-type: none"> Mortgage industry penetration at 9% of India's GDP, expected to double in next 3 years (Source: ICRA) Residential sales volume is expected to witness a moderate growth of 4% in H1 FY16 	 81%
SME Finance	<ul style="list-style-type: none"> Thrust on manufacturing sector by the government expected to create new lending opportunities New opportunities to create tangible presence in the rapidly growing e-commerce space 	 54%
Mid-Market	<ul style="list-style-type: none"> Bank credit to industry and services grew by 6.5% Y-o-Y to Rs 41 trillion as of May'15 (Source : RBI) Rate cuts by banks could aid industrial and economic climate improvement Meaningful capex and increase in credit demand expected to take some more time to catch up 	 60%
CE / CV	<ul style="list-style-type: none"> Increase in economic and infrastructure activities to be gradual – sustained sales pickup may be only by Q4 Improvement of freight rates across key routes, expectations of investment pick up in infrastructure, manufacturing and revival of mining in certain regions suggest bottoming out of the down cycle 	 (75%)

B2C segments (Tractors, 2 Wheelers, Microfinance & Housing) and SME Finance to remain our focus areas

Retail Finance – Performance By Product

Disbursements						
Q1FY15	FY15	Segments (Rs. Cr.)	Q4FY15	Q1FY16	Y-o-Y (%)	
1,149	4,431	Rural Products Finance	1,066	1,164	1%	
477	1,920	Personal Vehicle Finance	491	455	(5%)	
171	1,178	Microfinance	424	485	184%	
429	2,801	Housing Finance*	1,072	777	81%	
1,232	6,429	Supply Chain Finance	2,227	1,898	54%	
951	3,431	Mid-Market Finance	965	1,525	60%	
118	317	CE / CV Finance	52	29	(75%)	
4,525	20,506	Total	6,297	6,335	40%	
3,293	14,077	Total (Excl. Supply Chain Finance)	4,070	4,437	35%	
Loans & Advances						
Q1FY15	Q1FY15 (%)	Segments (Rs. Cr.)	Q4FY15	Q1FY16	Q1FY16 (%)	Y-o-Y (%)
5,443	24%	Rural Products Finance	6,286	6,278	24%	15%
2,585	11%	Personal Vehicle Finance	2,847	2,857	11%	11%
436	2%	Microfinance	916	1,212	5%	178%
2,276	10%	Housing Finance*	4,258	4,825	19%	112%
995	4%	Supply Chain Finance	1,754	1,592	6%	60%
7,818	34%	Mid-Market Finance	6,928	7,428	29%	(5%)
3,126	14%	CE / CV Finance	2,004	1,675	6%	(46%)
22,678	100%	Total	24,993	25,867	100%	14%
Disbursements grew by 39% while loan book increased by 24% (excluding our de-focused segments of CE / CV)						

B2C includes Rural Products Finance, Personal Vehicle Finance and Microfinance

Mid-Market includes Loans and Leases, Loan Against Shares

* Housing Finance includes Mortgage, Loan Against Property and Construction Finance

Retail Finance – Summary Financials

(Excluding Housing Finance Company)

P&L Summary							
Q1FY15	Q4FY15	Q1FY16	Y-o-Y	Summary P&L (Rs. Cr.)	TTM'15	TTM'16	Y-o-Y
777	792	836	8%	Interest Income	2,962	3,275	11%
438	403	416	(5%)	Interest Expense	1,699	1,666	(2%)
339	389	420	24%	NIM	1,263	1,609	27%
15	16	22	47%	Fee Income	56	81	45%
142	167	164	16%	Operating Expense	548	650	19%
212	238	278	31%	Earnings before credit cost	771	1,040	35%
98	102	145	48%	Credit Cost	352	492	40%
82	92	88	7%	PAT	308	366	19%

Comments

- Credit cost increase in Q1FY16 largely due to higher delinquency in farm portfolio due to seasonality and income reversal for 150 -180 DPD assets

Asset Quality Metrics			
Q1FY15	Q4FY15	Asset Quality Metrics (Rs. Cr)	Q1FY16
1,085	1,008	Gross NPA*	1,004
5.34%	4.82%	Gross NPA (%) *	4.75%
770	625	Gross NPA @ 180 DPD	808
538	288	Net NPAs @ 180 DPD	437
3.79%	2.99%	Gross NPA (%) @ 180 DPD	3.82%
2.67%	1.40%	Net NPA (%) @ 180 DPD	2.13%
30%	54%	Provision Coverage Ratio	46%

- Asset quality largely stable, impacted by the seasonality of the farm portfolio
- As of June 2015, provision over RBI norms is Rs. 131 Cr.

Retail Finance – Key ratios

(Excluding Housing Finance Company)

Key Ratios And Balance Sheet Summary

Q1FY15	Q4FY15	Q1FY16	Key Ratios	TTM'15	TTM'16
15.10%	15.18%	15.72%	Yield	15.08%	15.69%
9.83%	9.13%	9.14%	Cost of Funds	10.09%	9.32%
6.59%	7.46%	7.90%	Net Interest Margin	6.43%	7.71%
0.30%	0.30%	0.42%	Fee Income	0.29%	0.39%
2.76%	3.19%	3.09%	Operating Expenses	2.79%	3.11%
4.13%	4.57%	5.22%	Earnings before credit cost	3.93%	4.99%
1.90%	1.96%	2.72%	Credit Cost	1.79%	2.36%
1.49%	1.67%	1.55%	Return on Assets	1.48%	1.65%
5.86	5.64	5.69	Gearing	5.86	5.69
10.84%	11.47%	10.93%	Return on Equity	10.61%	11.58%

Q1FY15	Q4FY15	Balance Sheet (Rs. Cr.)	Q1FY16	Y-o-Y
21,944	22,373	Total Assets	22,847	4%
20,568	21,133	Gross Loans & Advances	21,398	4%
17,847	17,984	Borrowings	18,439	3%
3,043	3,190	Networth	3,243	7%

As of March 2015			CRAR Ratios	As of June 2015		
Tier I	Tier II	CRAR	Entity	Tier I	Tier II	CRAR
15.01%	2.53%	17.54%	L&T Finance Ltd.	14.88%	2.46%	17.35%
13.44%	3.64%	17.08%	Family Credit Ltd.	12.98%	3.43%	16.41%

Comments

- NIMs remain healthy - increase in high yield assets and improved borrowing costs
- Credit costs in Q1FY16 impacted by delinquency of farm portfolio to extent of 80 bps
- RoEs remain stable, expected to improve with tapering of credit costs

Housing Finance Company – Summary Financials

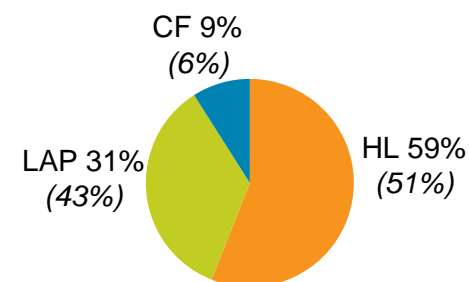
P&L Summary							
Q1FY15	Q4FY15	Q1FY16	Y-o-Y	Summary P&L (Rs. Cr.)	TTM'15	TTM'16	Y-o-Y
72	103	122	70%	Interest Income	183	382	109%
40	67	84	111%	Interest Expense	105	250	138%
32	36	38	20%	NIM	77	132	71%
2	3	3	50%	Fee Income	15	11	(27%)
12	20	29	142%	Operating Expense	48	82	71%
22	19	12	(45%)	Earnings before credit cost	45	60	33%
8	1	10	25%	Credit Cost	19	19	0%
9	12	1	(89%)	PAT	17	28	65%
353	1,056	777	120%	Disbursements	1,393	2,935	111%

Comments

- Q1FY16 includes advertising spend of ~Rs 8 Cr

Balance Sheet Summary				
Q1FY15	Q4FY15	Balance Sheet (Rs. Cr.)	Q1FY16	Y-o-Y
2,212	4,159	Total Assets	4,641	110%
2,110	3,860	Gross Loans & Advances	4,468	112%
1,720	3,383	Borrowings	3,907	127%
312	337	Networth	338	8%

Loan Book Mix – Q1FY16



Note: Figures in brackets represent Q1FY15 mix

As of March 2015			CRAR Ratios	As of June 2015		
Tier I	Tier II	CRAR	Entity	Tier I	Tier II	CRAR
9.80%	3.48%	13.28%	L&T Housing Finance Ltd.	9.13%	3.34%	12.47%

HL – Home Loans, LAP – Loan Against Property, CF – Construction Finance
Credit costs include provisions, write offs, foreclosure losses, interest provisions/reversals

Housing Finance Company – Key ratios

Key Ratios And Balance Sheet Summary

Q1FY15	Q4FY15	Q1FY16	Key Ratios	TTM'15	TTM'16
14.36%	12.11%	11.78%	Yield	13.31%	12.05%
9.40%	8.78%	9.19%	Cost of Funds	9.50%	8.96%
6.40%	4.22%	3.73%	Net Interest Margin	5.64%	4.15%
0.41%	0.36%	0.26%	Fee Income	1.09%	0.34%
2.41%	2.38%	2.76%	Operating Expenses	3.47%	2.59%
4.40%	2.20%	1.22%	Earnings before credit cost	3.25%	1.91%
1.66%	0.07%	1.01%	Credit Cost	1.36%	0.60%
1.59%	1.28%	0.10%	Return on Assets	1.10%	0.82%
5.52	10.03	11.56	Gearing	5.52	11.56
11.31%	14.21%	1.30%	Return on Equity	5.62%	8.43%

Comments

- NIMs reflective of increase in gearing and higher share of home loans

- Operating leverage and lower credit costs to drive RoE uptick

Asset Quality Metrics

Q1FY15	Q4FY15	Asset Quality Metrics (Rs. Cr)	Q1FY16
42	36	Gross NPA *	49
32	26	Net NPAs	34
2.00%	0.93%	Gross NPA (%)	1.10%
1.50%	0.67%	Net NPA (%)	0.76%
24%	28%	Provision Coverage Ratio	31%

Wholesale Finance – Market Scenario And Outlook

Segment	Market Scenario & Outlook
Renewable Energy	<ul style="list-style-type: none"> Installed solar capacity increased by 42% over last year to 3,800 MW (Source : IMA Report) Bidding for approximately 7 GW of solar projects are underway – large addressable market Govt's thrust on solar energy leading to heightened competition – selective and cautious lending is key Refinancing continues to be a large opportunity for wind power projects
Roads	<ul style="list-style-type: none"> Improvement in pace of BOT and EPC contracts Resolution of project issues by NHAI and evolving effective dispute resolution mechanisms - key expectations Closure of toll plazas and exemption of passenger vehicles from toll at certain plazas by Maharashtra Govt. – to affect investor sentiments
Thermal Power	<ul style="list-style-type: none"> Increased coal production by CIL and active attempts to resolve stalled coal thermal projects by Govt. of India – positive for the sector. Financial health of Discoms continues to be under stress posing systemic risk Regulatory dispensation on cost overrun funding delaying revival of projects under construction
Regulatory Changes	<ul style="list-style-type: none"> IDFs allowed to invest additionally in operating PPP projects without a project authority and non-PPP projects (subject to completing at least one year of satisfactory commercial operations) 50% risk weightage for operational PPP projects extended to all NBFCs

Renewables and Roads to continue to be our focus areas with emphasis on operating projects

Wholesale Finance – Focus on Operating Projects

Disbursements

Q1FY15	FY15	Sectors (Rs. Cr.)	Q4FY15	Q1FY16	Y-o-Y
684	4,014	Renewable Power	1,185	1,112	63%
687	1,976	Roads	668	335	(51%)
269	858	Power – Thermal	141	189	(30%)
2	1,004	Power – Corp ² + T&D	32	334	-
258	580	Telecom	125	2	-
15	1,882	Real Estate & SEZs	83	454	-
38	1,662	Others ¹	409	82	-
1,953	11,975	Total	2,643	2,510	28%
1,694	9,898	Net Disbursement	1,750	1,966	16%

Comments

- 60% of Q1FY16 disbursements were to operating projects

Loans & Advances

Q1FY15	Q1FY15 (%)	Sectors (Rs. Cr.)	Q4FY15	Q1FY16	Q1FY16 (%)	Y-o-Y (%)
3,424	19%	Renewable Power	5,931	6,416	27%	87%
4,035	22%	Roads	4,736	4,695	20%	16%
2,625	15%	Power – Thermal	2,960	3,138	13%	20%
2,174	12%	Power – Corp ² + T&D	2,161	2,589	10%	12%
2,285	13%	Telecom	1,427	1,423	6%	(38%)
676	4%	Real Estate & SEZs	1,933	2,234	10%	231%
2,867	16%	Others ¹	3,089	2,856	12%	0%
18,086	100%	Total	22,239	23,352	100%	29%

Portfolio Break Up

Corporate 21%

Projects 76%

Operating 51%

U/C 25%

Equity & Investments 3%

- Top 10 borrowers - 18% of outstanding
- Top 10 groups - 27% of outstanding

Wholesale Finance – Summary Financials

P&L Summary

Q1FY15	Q4FY15	Q1FY16	Y-o-Y	Summary P&L (Rs. Cr.)	TTM'15	TTM'16	Y-o-Y
545	681	698	28%	Interest Income	2,051	2,560	25%
358	446	476	33%	Interest Expense	1,343	1,709	27%
187	235	222	18%	NIM	709	851	20%
6	18	12	100%	Fee Income	39	75	93%
4	12	15	275%	Other Income	68	44	(36%)
23	27	27	17%	Operating Expense	98	112	14%
175	238	223	27%	Earnings before credit cost	717	858	20%
53	141	93	75%	Credit Cost	232	391	69%
88	67	88	0%	PAT	356	326	(8%)

Asset Quality Metrics

Q1FY15	Q4FY15	Asset Quality Metrics (Rs. Cr)	Q1FY16 *
609	384	Gross NPA	420
482	269	Net NPAs	294
3.51%	1.78%	Gross NPA (%)	1.85%
2.80%	1.25%	Net NPA (%)	1.30%
21%	30%	Provision Coverage Ratio	30%
6.16%	5.52%	Net RSA %	5.44%
0.63%	0.94%	Net SR%	0.89%

* Gross NPAs based on 150 DPD

Comments

○ Healthy fee income from Debt FAS and investment income in Q1FY16

○ Credit cost for Q1FY16 includes Rs 30 Cr towards amortization losses on ARC asset sales and Rs 20 Cr of FITL provisions

○ Overall asset quality remains stable – incremental slippages remain low

○ As of June 2015, the provision over RBI norms stands at Rs. 52 Cr.

Wholesale Finance – Key Ratios

Key Ratios & Balance Sheet Summary

Q1FY15	Q4FY15	Q1FY16	Key Ratios	TTM'15	TTM'16
12.23%	12.41%	12.26%	Yield	12.30%	12.19%
9.32%	9.24%	9.31%	Cost of Funds	9.53%	9.28%
4.20%	4.28%	3.90%	Net Interest Margin	4.25%	4.05%
0.13%	0.32%	0.22%	Fee Income	0.23%	0.36%
0.10%	0.23%	0.27%	Other Income	0.39%	0.21%
0.51%	0.49%	0.47%	Operating Expenses	0.59%	0.53%
3.91%	4.34%	3.91%	Earnings before credit cost	4.30%	4.09%
1.20%	2.56%	1.64%	Credit Cost	1.39%	1.86%
1.79%	1.10%	1.41%	Return on Assets	1.96%	1.40%
5.20	6.43	6.56	Gearing	5.20	6.56
11.60%	8.40%	11.05%	Return on Equity	12.37%	10.27%
Q1FY15	Q4FY15	Balance Sheet (Rs. Cr.)		Q1FY16	Y-o-Y
19,672	24,556	Total Assets		25,917	32%
18,086	22,239	Gross Loans & Advances		23,352	29%
16,042	20,247	Borrowings		21,472	34%
3,084	3,149	Networth		3,272	6%

As of March 2015			CRAR Ratios	As of June 2015		
Tier I	Tier II	CRAR	Entity	Tier I	Tier II	CRAR
12.23%	4.25%	16.48%	L&T Infra. Finance Ltd.	12.22%	6.18%	18.40%
15.33%	2.23%	17.55%	L&T FinCorp Ltd.	16.15%	2.24%	18.39%
89.78%	26.32%	116.10%	L&T IDF Ltd.	101.12%	29.12%	130.25%

Comments

○ NIMs remain steady despite rise in gearing and higher share of operating projects

○ Opex remains stable across quarters

○ Credit costs in Q1FY16 includes amortization of ARC sale losses of 53 bps and FITL provisions of 35 bps

○ RoE for core business remains healthy with improvement in asset mix

Investment Management

Industry update

- Industry average assets increased by 3% to Rs. 12,28,521 Cr. in Q1FY16 from Rs. 11,88,690 Cr. in Q4FY15
- Equity assets increased with improved gross and net sales during the quarter despite flat / negative markets
- Increase in fixed income assets with flows coming in money market category
- FMP assets continue to decline with change in taxation rules and maturity on double indexation benefit in Q1FY16

L&T Mutual Fund

- Diversified investor base of ~8 lakh accounts based out of 500+ districts with a branch network spanning over 50 cities
- Comprehensive portfolio, with 30+ funds across asset classes, risk profiles and time horizons

	Q1FY14	AAUM Composition	Q4FY15	Q1FY16	AAUM (Rs. Cr.)
	27%	Equity/Hybrid	39%	42%	9,329
	42%	Cash/Ultra Short Term	37%	36%	7,997
	20%	FMP	12%	8%	1,777
	12%	Other Fixed Income	12%	15%	3,332

Investment Management – Performance Overview

Key Highlights

- Rank based on AAUM maintained at 13 this quarter
- Improved equity mix led by higher inflows during the quarter
- Increase in Other Fixed Income category during the quarter , however FMP assets continue to decline with maturities in Q1FY16
- Consistent fund performance across categories resulting in strong net sales

Q1FY15	Parameter (Rs. Cr.)	Q4FY15	FY15	Q1FY16	Y-o-Y
21.8	Operating Revenue	28.2	98.8	28.4	30%
22.2	Opex	24.9	93.5	26.2	18%
(0.4)	PAT(before amortization)	3.3	5.3	2.2	-
19,894	Average AUM ¹	22,497	22,497	22,213	12%
0.42%	Management Fees/AUM	0.46%	0.44%	0.49%	0.07%
(0.01%)	Net Margin (before amortization)	0.06%	0.03%	0.04%	-

Approach for Q2FY16

- Continue focus to build equity assets and improve share of debt funds
- Explore pension fund segment for investments in equity with change in investment norms by Ministry of Finance

AMC business contributes positively to the bottom line - strong growth in revenues and optimal cost structures

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 Path Of Steady Growth

Profile

- L&T Capital Markets Ltd (LTCM) offers wealth management services to HNIs and affluent investors through two separate channels – Private Wealth and Premier Wealth
- Operations in 9 major cities in India and a representative office in Dubai
- 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)
 - Offers ancillary services like Estate Planning and Lending Solutions

Q2 FY16 Approach

- ✓ Grow AUS across asset classes including Real Estate advisory business
- ✓ Continue to focus on providing customized solutions to domestic clients
- ✓ Widen product range and initiate coverage in East
- ✓ Capacity addition commensurate to growth

Q1FY15	Parameters	Q4FY15	Q1FY16
6,139	AAUS (Rs. Cr.) *	6,967	7,143
~2,100	No of clients	~3,000	~3,300

Notes: * AAUS is quarterly average

Impact Of RBI Norms

Norms		Impact	
		Retail Finance	Wholesale Finance
A. Standard asset provisioning at 30 bps		<ul style="list-style-type: none"> Standard asset provision (SAP) made at 30 bps 	<ul style="list-style-type: none"> SAP in L&T Infra Finance at 35 bps while it is 30 bps in L&T FinCorp
B. NPA at 150 days DPD	Income reversal	<ul style="list-style-type: none"> Income not recognized on 150+ DPD assets 	<ul style="list-style-type: none"> Income has always been reversed on all accounts with 120+ DPD No impact in 2015-16
	Principal provisioning	<ul style="list-style-type: none"> 150-180 DPD Portfolio demonstrates low probability of loss given default Loss accounts best represented by 180+ DPD portfolio Current provisions cover loss given default adequately Policy can be modified without need for making additional provision Impact 2015-16 likely to be only against incremental 180+ DPD accounts No incremental impact likely in mid-corporate portfolio 	<ul style="list-style-type: none"> Policy exists for calibrated provisioning on all accounts with 120+ DPD No major impact expected to arise due to change in norms

Strategic Direction & Aspiration

	Retail Finance	Wholesale Finance	Investment Management
Growth	<ul style="list-style-type: none"> Focus on B2C products will continue Tractor disbursements may be muted in Q2 also Traction expected in SME lending 	<ul style="list-style-type: none"> Renewable Power and Roads to be key growth segments Share of lower risk operating projects expected to increase further 	<ul style="list-style-type: none"> Emphasis on building both equity and fixed income AUM Increasing SIP book and enhancing retail connect Focus on increasing AUS and client base in Wealth Management
Asset Quality	<ul style="list-style-type: none"> Farm delinquency expected to revert to normal levels in Q2 Focus on early bucket collections to continue 	<ul style="list-style-type: none"> Incremental stress is expected to be low Could be some slippage from RSA to NPA 	
Profitability	<ul style="list-style-type: none"> Margins expected to be stable Opex to be commensurate to the product mix Lower credit costs and optimal financial leverage to improve returns 	<ul style="list-style-type: none"> Margins to remain stable Asset churn expected to enhance fee income Operating projects to aid lower credit costs and optimize leverage 	<ul style="list-style-type: none"> Healthy revenues and optimal cost structures to enable increase in the contribution to the overall bottom line

Focus on building scale by leveraging on our domain experience; effective risk management to increase profitability

- L&T Finance Holdings
 - Highlights
- Key Performance Highlights
- Performance And Outlook – By Business
- **Appendix**

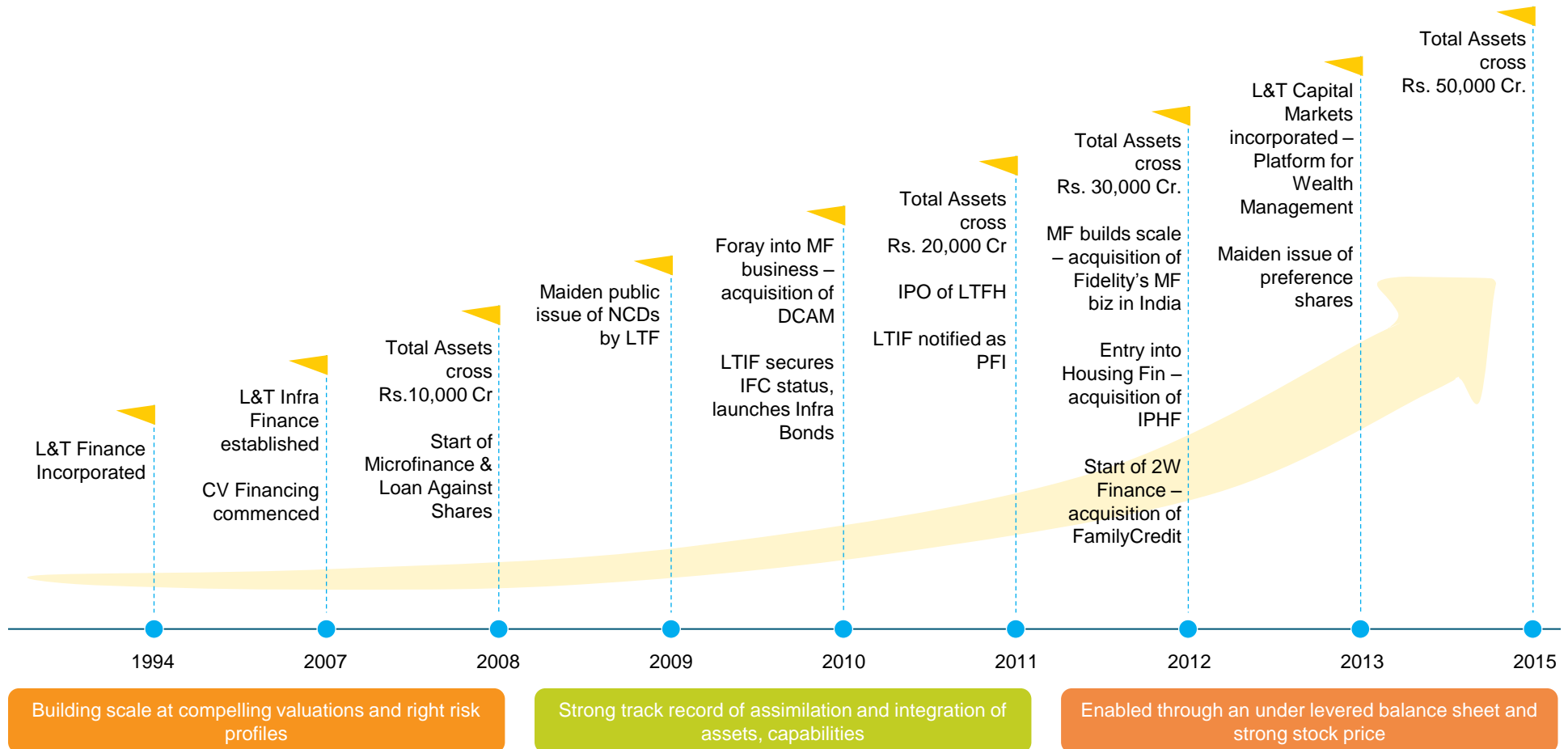
Collectively, A Comprehensive Product Suite Across Three Lines Of Business



	Retail Finance	Wholesale Finance	Asset Management
Business lines and products	<ul style="list-style-type: none"> ▶ B2C Products <ul style="list-style-type: none"> ○ Rural Products Finance ○ Personal Vehicle Finance ○ Housing Finance ○ Micro Finance ▶ B2B Products <ul style="list-style-type: none"> ○ CE / CV Finance ○ Supply Chain Finance ○ Mid-Market Finance 	<ul style="list-style-type: none"> ▶ Project Finance <ul style="list-style-type: none"> ○ Senior Debt ○ Mezzanine Debt ▶ Non-Project Finance <ul style="list-style-type: none"> ○ Corporate Loans ▶ Specialized Infra Services <ul style="list-style-type: none"> ○ Infrastructure Debt Fund ▶ Financial Advisory Services <ul style="list-style-type: none"> ○ Syndication ○ Underwriting 	<ul style="list-style-type: none"> ▶ Mutual Fund ▶ Wealth Management ▶ Infrastructure Private Equity
Entities	<ul style="list-style-type: none"> • L&T Finance (AFC) • FamilyCredit (Loan Co) • L&T Housing Finance (HFC) • L&T Access (Distribution Co) 	<ul style="list-style-type: none"> • L&T Infra Finance (IFC) • L&T FinCorp (Loan Co) • L&T Infra Debt Fund (NBFC-IDF) 	<ul style="list-style-type: none"> • L&T Investment Management (AMC) • L&T Capital Markets • L&T Infra PE Fund (AMC)

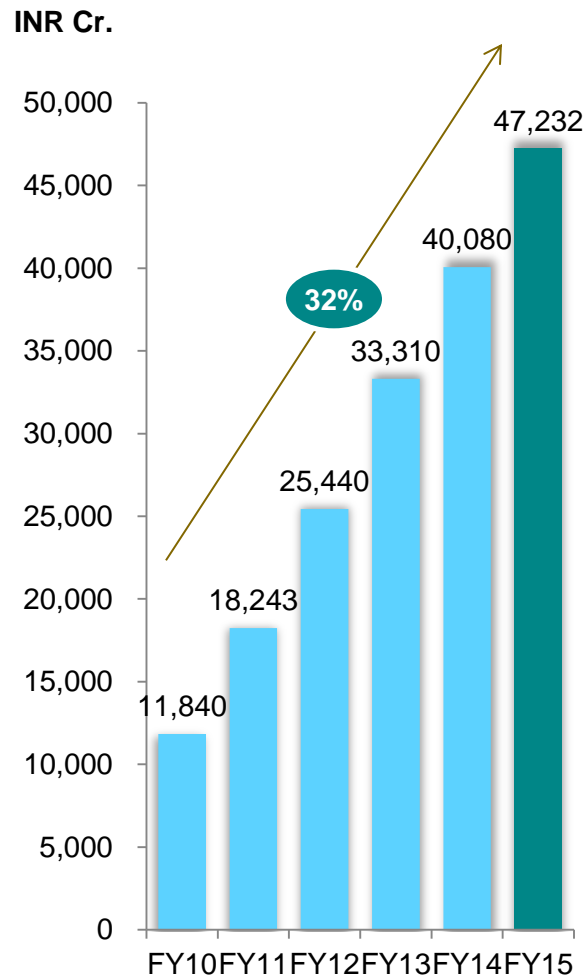
Building Scale And A Comprehensive Financial Services Offer

Key Milestones

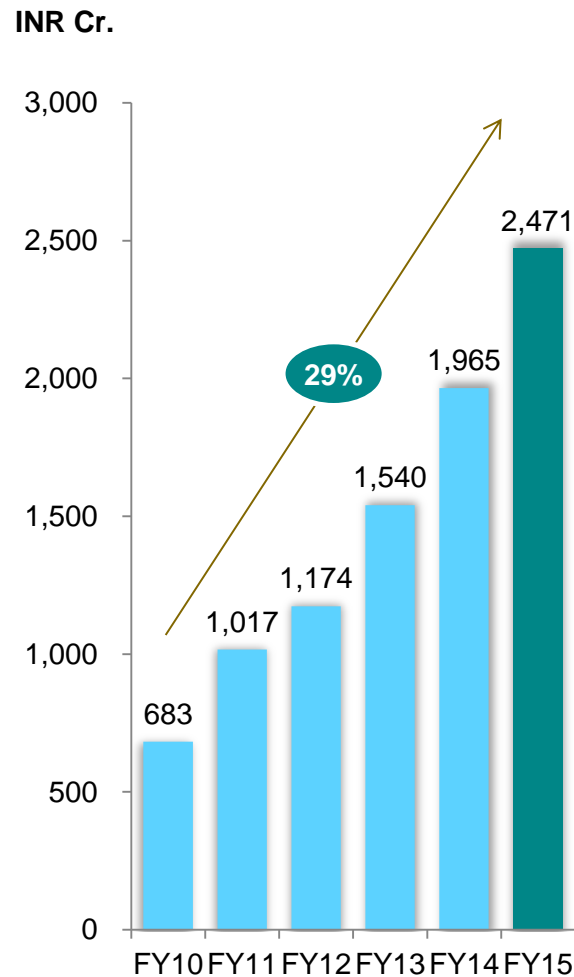


Consistent And Robust Growth Trajectory

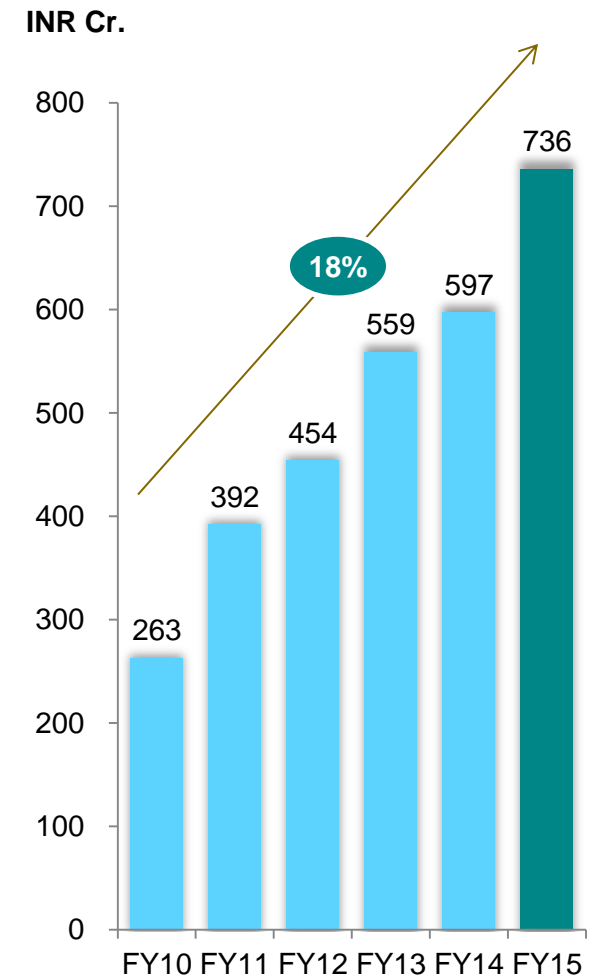
Loans & Advances



Net Interest Margin



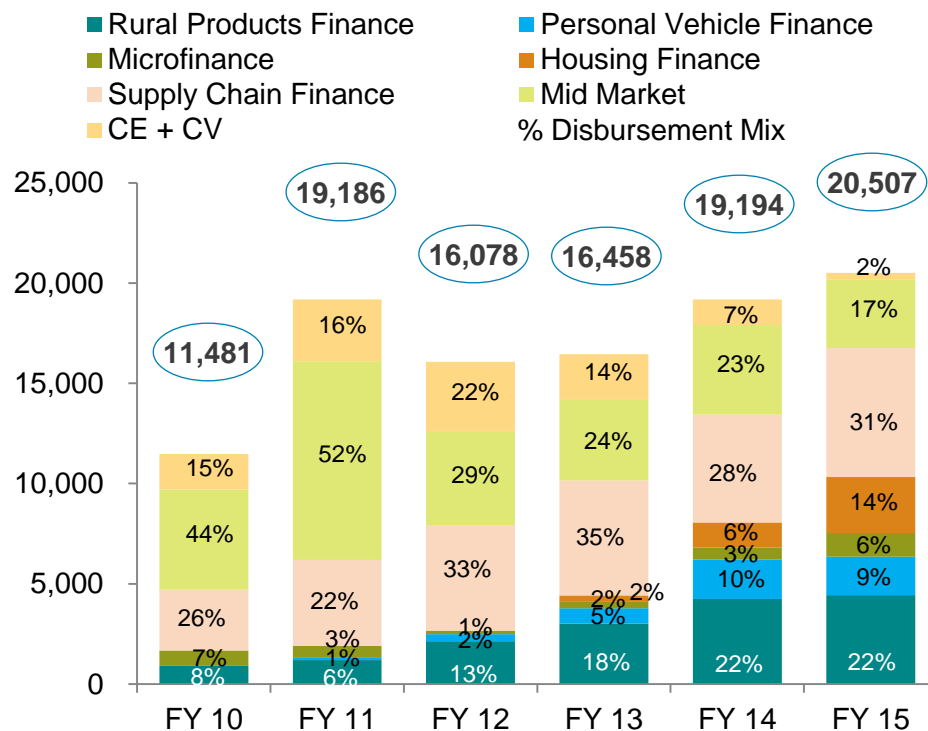
PAT



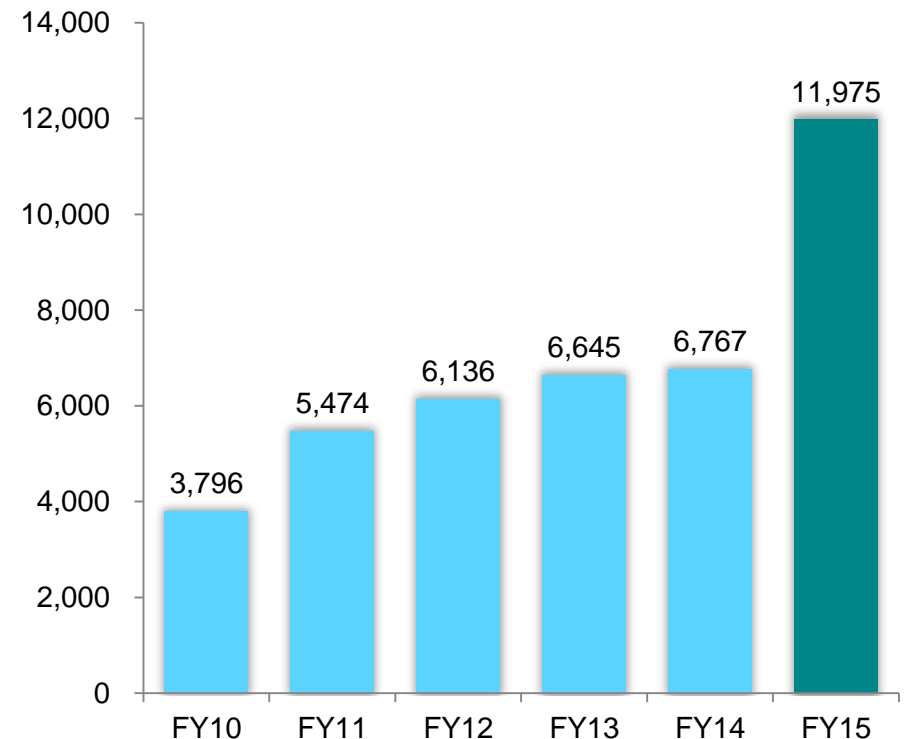
CAGR FY10 – FY15

Supported By Calibrated Disbursement Strategy

Retail Disbursements



Wholesale Disbursements (Rs. Cr.)



- Disbursements in the Wholesale Finance business have been tapered down in the period FY12-FY14
 - Thrust on operating projects in FY15 ; increase in underwriting and sell down of assets
- Disbursements in the Retail Finance business has also shown flat growth over FY12 –FY15
 - 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

Leadership comprises a seasoned board of directors ...

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



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



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



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



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



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



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

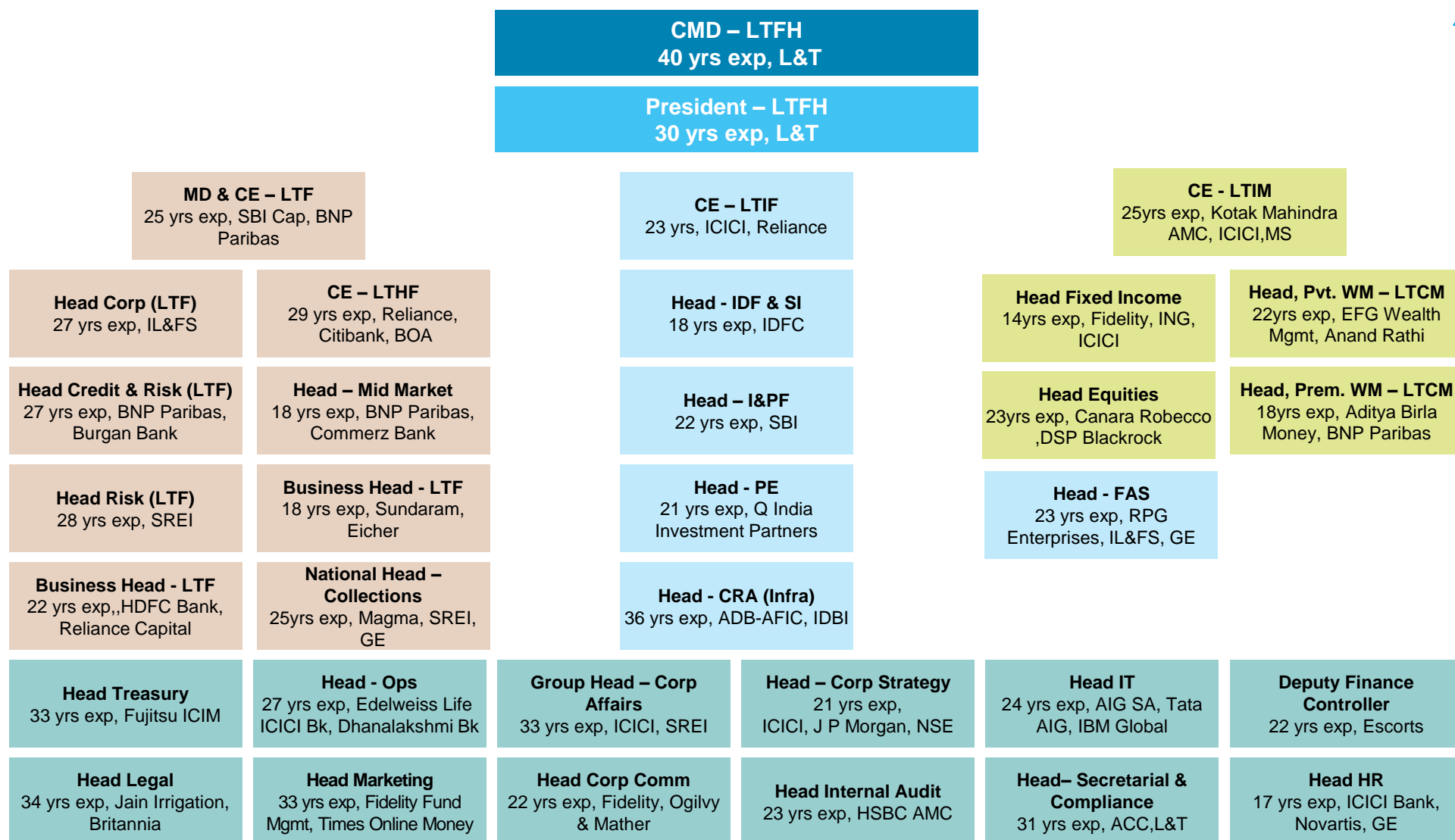
- CA, Cost Accountant, and a Certified Internal Auditor
- Masters in Management Studies from Uni. of Mumbai
- Managing Partner, Haribhakti & Co



K. Rao, *Independent Director*

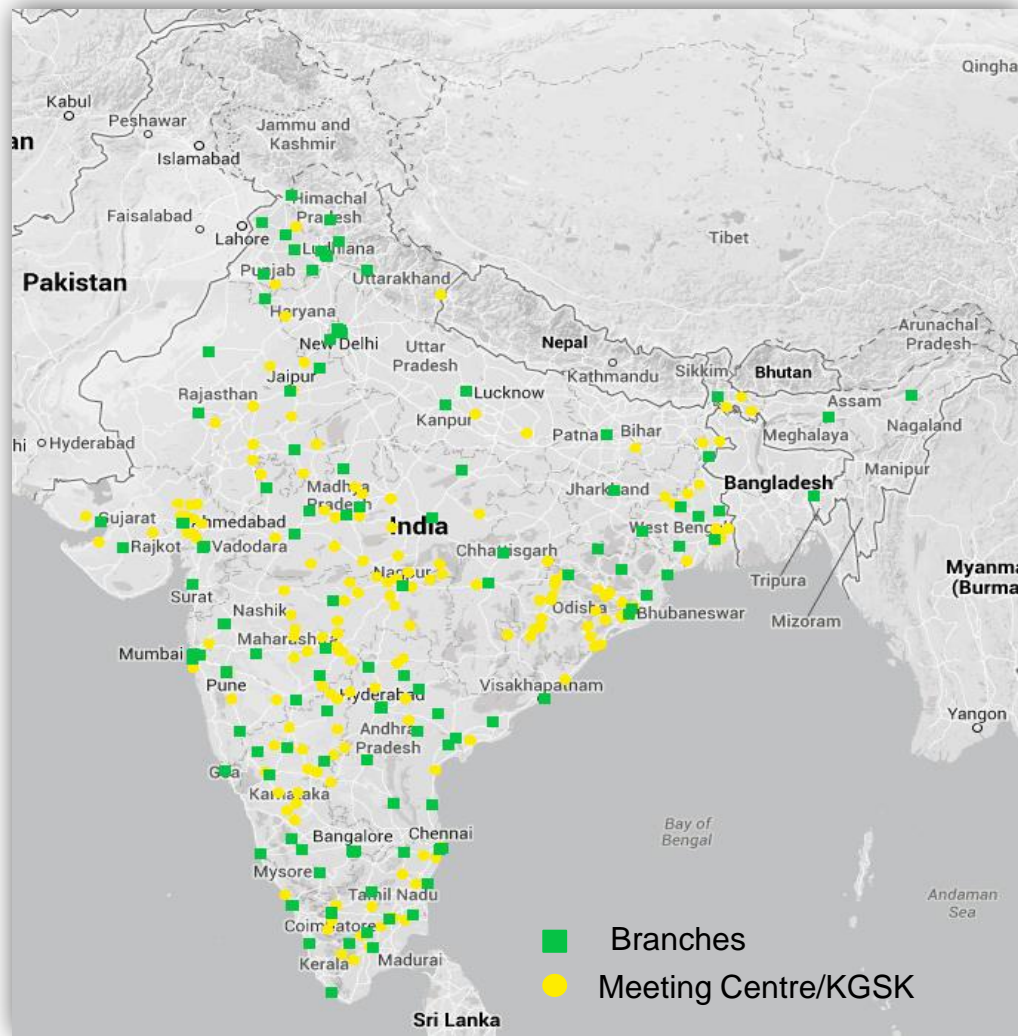
- B.A. from Harvard and MBA from UPenn
- Chartered Financial Analyst (CFA)
- 15+ years of experience as an investment professional with the Capital Group

... and an experienced management team



SI – Strategic Initiatives; IDF – Infrastructure Debt Fund; I&PF – Infra & Project Finance; CRA – Corporate & Regulatory Affairs

Enabled By A Pan India Footprint Of 700+ Points Of Presence



Mobile branches not shown

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

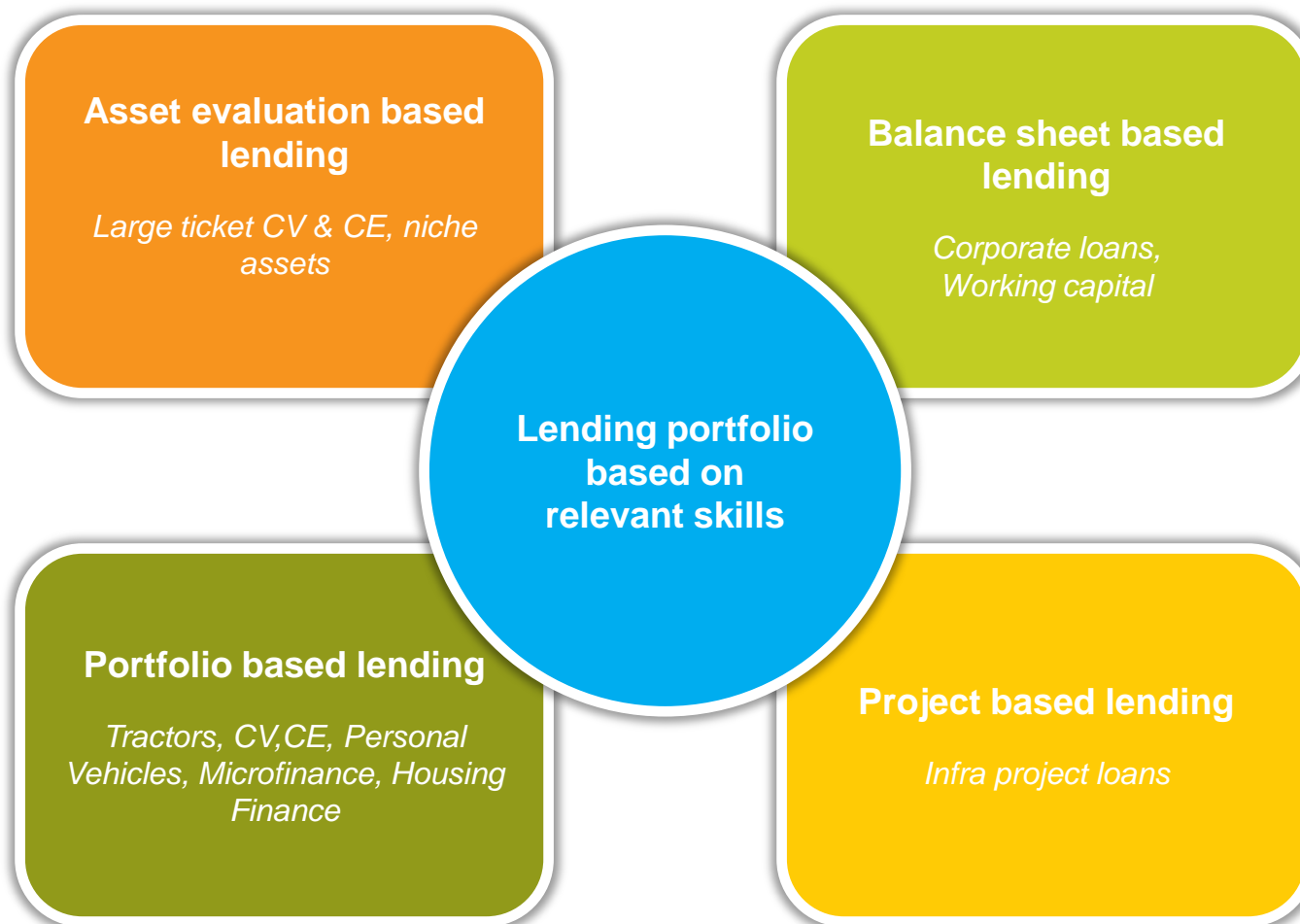
- Presence in **24 out of 29 states**
- 6 branches in North Eastern states
- Rural areas covered extensively by Meeting Centres and *Kisan Gaurav Seva Kendras* (KGSK)

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

Lending business based on four key themes...



Notable Risk Management Enhancements Made

	Retail 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 35 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	<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 	
ALM Strategy	<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

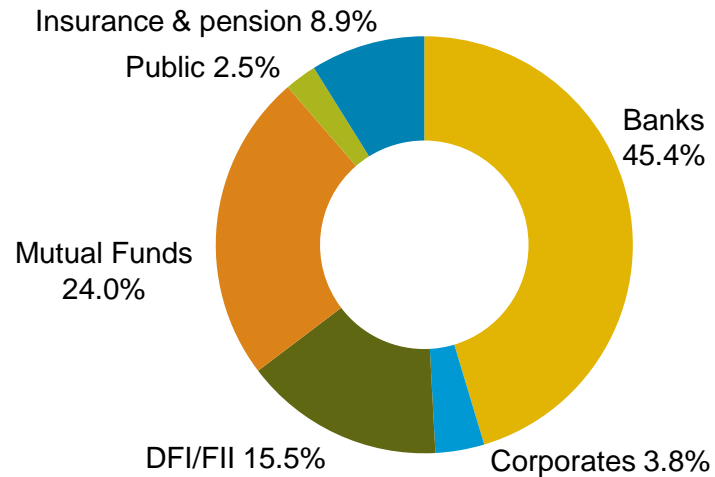
The boards at LTFH level and at the material subsidiary level have constituted the following committees to oversee specific areas:

- 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

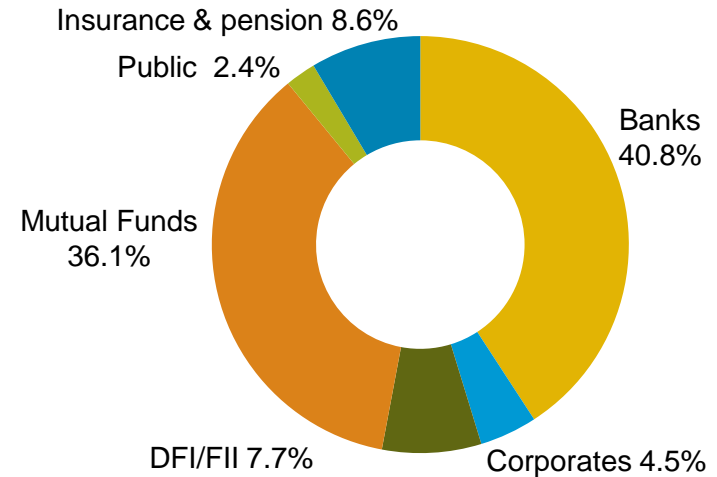
Debt Composition – Source Wise

Retail Finance

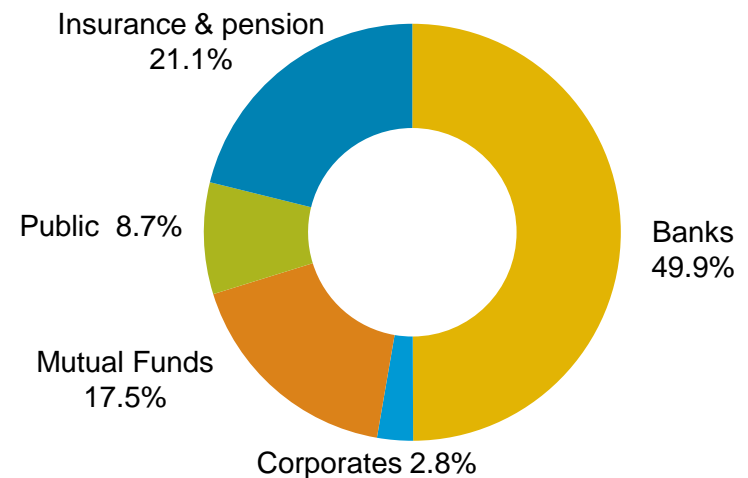
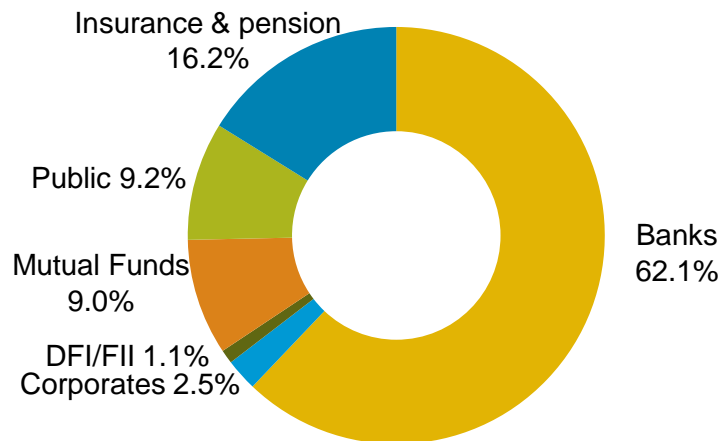
As on 31st Mar 2015



As on 30th Jun 2015



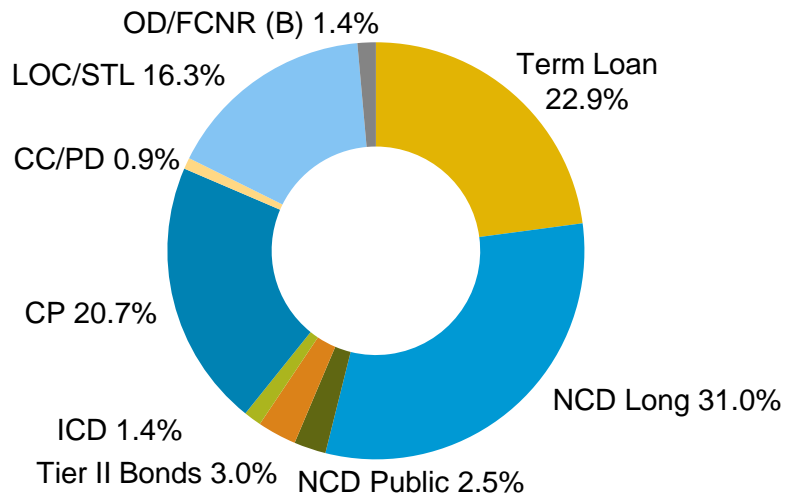
Wholesale Finance



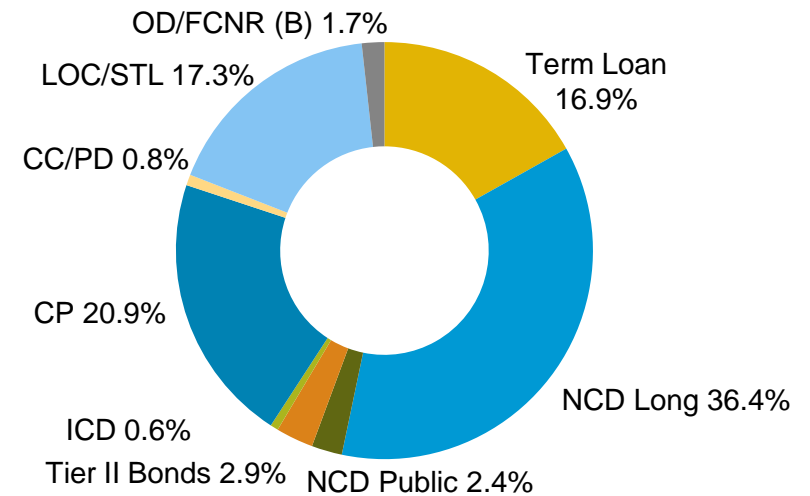
Debt Composition – Instrument Wise

Retail Finance

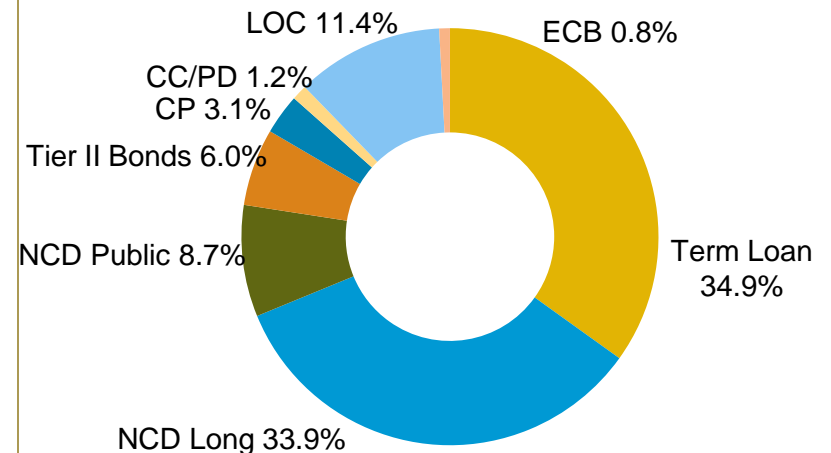
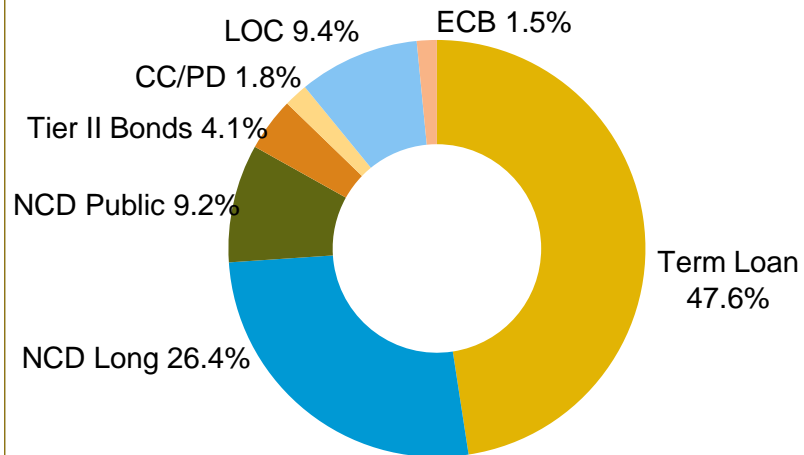
As on 31st Mar 2015



As on 30th Jun 2015



Wholesale Finance

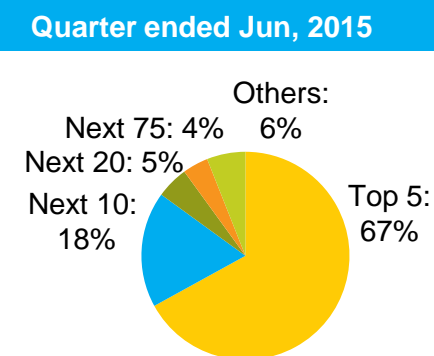
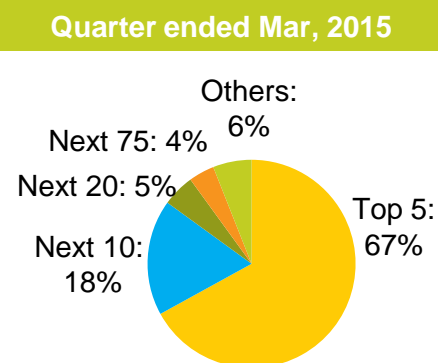
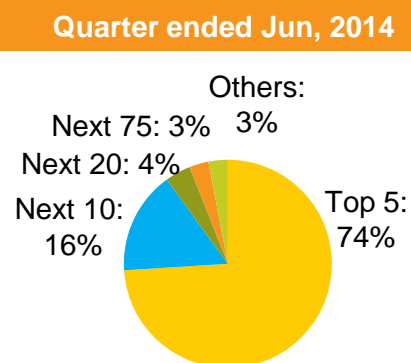


AUM Disclosure

Assets Under Management (Rs. Cr.)

	Quarter ended Jun, 2014		Quarter ended Mar, 2015		Quarter ended Jun, 2015	
Fund Type	AUM ¹	Avg. AUM ²	AUM ¹	Avg. AUM ²	AUM ¹	Avg. AUM ²
Income	9,764	8,148	7,225	7,540	6,819	6,697
Equity (Other than ELSS)	4,468	3,827	7,288	6,922	7,881	7,539
Balanced	0	0	0	0	0	0
Liquid	6,192	6,448	4,964	6,276	4,204	6,246
Gilt	70	81	59	50	69	65
Equity – ELSS	1,422	1,308	1,642	1,656	1,627	1,619
Gold ETF	0	0	0	0	0	0
Other ETF	0	0	0	0	0	0
Fund of Fund Overseas	79	85	49	52	42	47
TOTAL	21,994	19,895	21,226	22,497	20,641	22,213

Geographical Split By Cities



¹ As on the last day of the Quarter

² Average AUM for the Quarter

Our Parent Company, L&T , Is India's Largest Engineering And Construction Company In The Private Sector

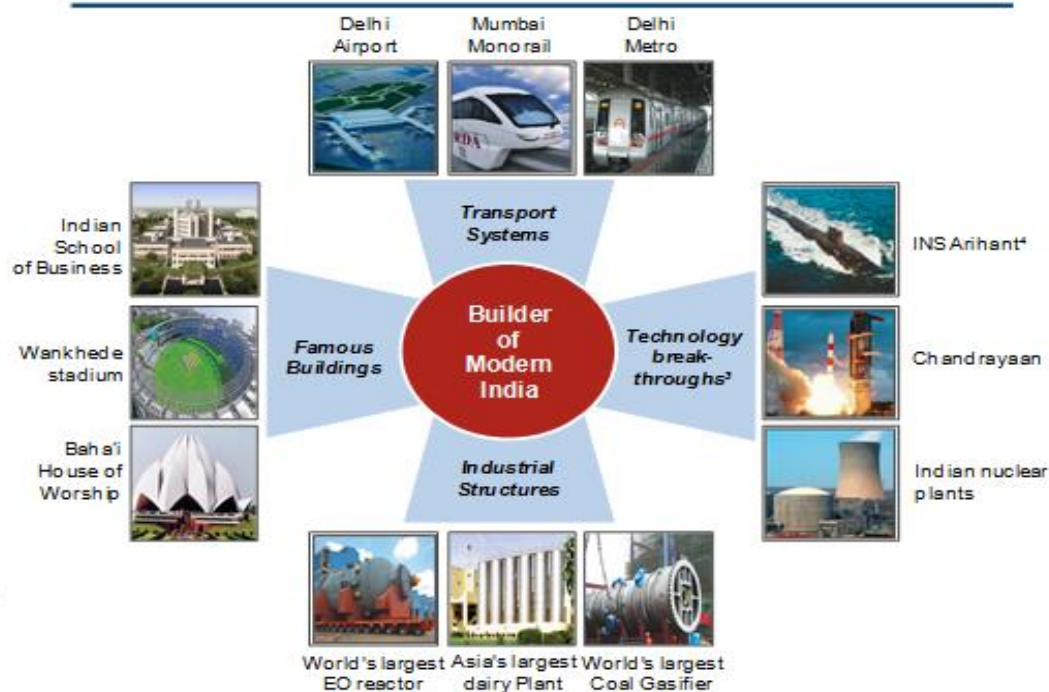
L&T Group has a long and illustrious history in India...

L&T was founded in 1938 by two Danish Engineers



- Revenue: ~ Rs. 920 bn¹
- PAT: ~ Rs. 48 bn¹
- Market Capitalization: ~ Rs. 1,725 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

¹ For year ended Mar 2015

² As on 22nd Jul, 2015

“Our aim is to be an admired and inspirational financial institution, creating sustainable value for all our stakeholders.”

L&T Finance Holdings Ltd

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