

# TRANSFORM FOCUS DELIVER



*Redefined*

Strategy & Results Update – Q1 FY19



***L&T Financial Services***

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**Risk Factors and Disclaimers pertaining to L&T Mutual Fund:** Mutual Fund investments are subject to market risks, read all scheme related documents carefully.



# **LTFH 2.0**

## *Our Commitment*

### **TO BE A COMPANY WHICH:**

- ✈ **Sustainably delivers top quartile RoE**
- ✈ **Has a clear Right to Win in each of the businesses**
- ✈ **Grows fearlessly with strong balance sheet and robust systems**
- ✈ **Uses Data Intelligence as a key to unlock RoE**
- ✈ **Has a culture of “Results” not “Reasons”**

## IND AS Transition (1/3)

In line with direction from Ministry of Corporate Affairs, L&T Finance Holdings Ltd. has adopted Indian Accounting Standards (IND AS) with effect from 1st April 2018. Results of Q1FY19 are prepared and reported in compliance with IND AS requirements. Additionally, for the same quarter of previous year (Q1FY18), figures have been restated as per IND AS.

# IND AS Transition (2/3)

KEY CHANGES	IMPACTED LINE ITEM	IGAAP	IND AS
Fair value of investments	Income from operations	Only diminution in fair value considered	Fair value method
Fee Income	Other Income	Booked upfront	Amortized (as applicable)
Credit costs	Credit costs	Specified by Regulators	Expected Credit Loss (ECL) model
Preference dividend	Finance cost	Appropriated in reserves	Treated as finance cost
ESOP valuation	Employee cost	Intrinsic method	Black Scholes pricing model
Securities issue expenses	Finance cost	Adjusted in securities premium	Amortized through P&L
Preference shares	Net Worth	Included in Net-worth	Added to Borrowings

*The results shown are after considering the above adjustments*

# IND AS Transition – ECL Methodology (3/3)

## GROSS STAGE 3 - DEFINITION

Gross Stage 3 includes –

- GNPA > 90 DPD
- Impaired assets (S4A, SDR, 5:25, etc.) where regulatory forbearances are available
- Identified standard assets which are under incipient stress

## PROVISIONS UNDER ECL METHODOLOGY

ECL methodology prescribed in IND AS is based on the principle of providing for expected future losses, rather than incurred losses.

ECL methodology facilitates granular analysis of portfolio thereby translating true risk of a portfolio into provisions

Stage wise ECL takes into account various macro economic factors on all portfolios such as reservoir levels, MSP, inflation, interest rate outlook, movement in property prices etc.

# Significance of IND AS for us



IND AS required us to provide for entire Expected Credit Loss on the legacy infra stressed portfolio. This now completes the provisioning journey for us



In line with above, ~Rs. 1800 Cr of incremental provisions have been taken through the opening reserves. We now carry provision of ~Rs. 3000 Cr against total portfolio of ~Rs. 5000 Cr



Further provisions of Rs. 92 Cr in wholesale have been taken as steady state provisions



In our retail portfolio, provisions have been made based on statistical ECL models

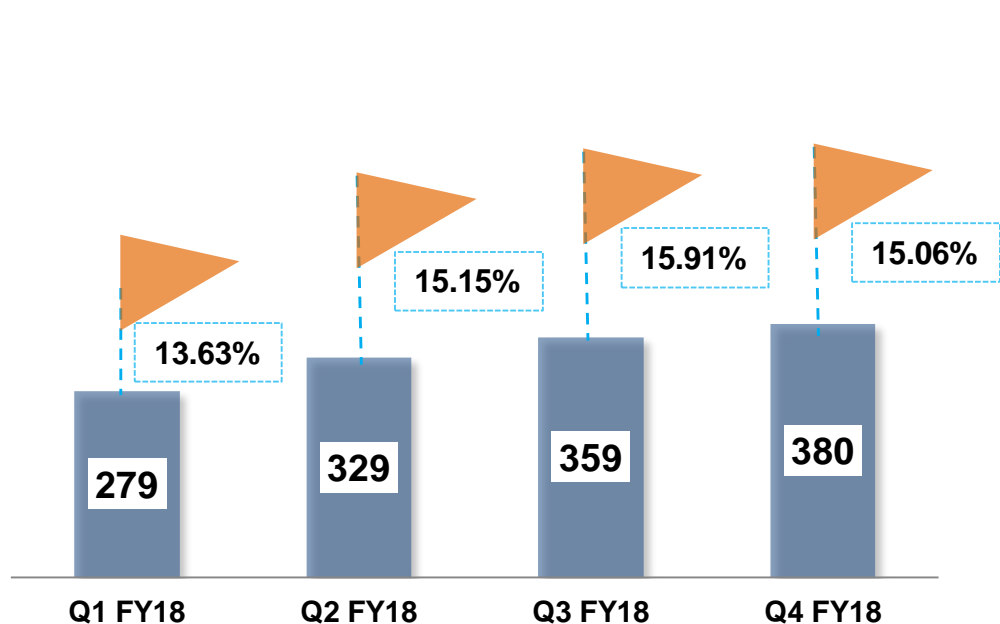


In addition, Rs. 90 Cr of provisions have been built up for unanticipated event risks

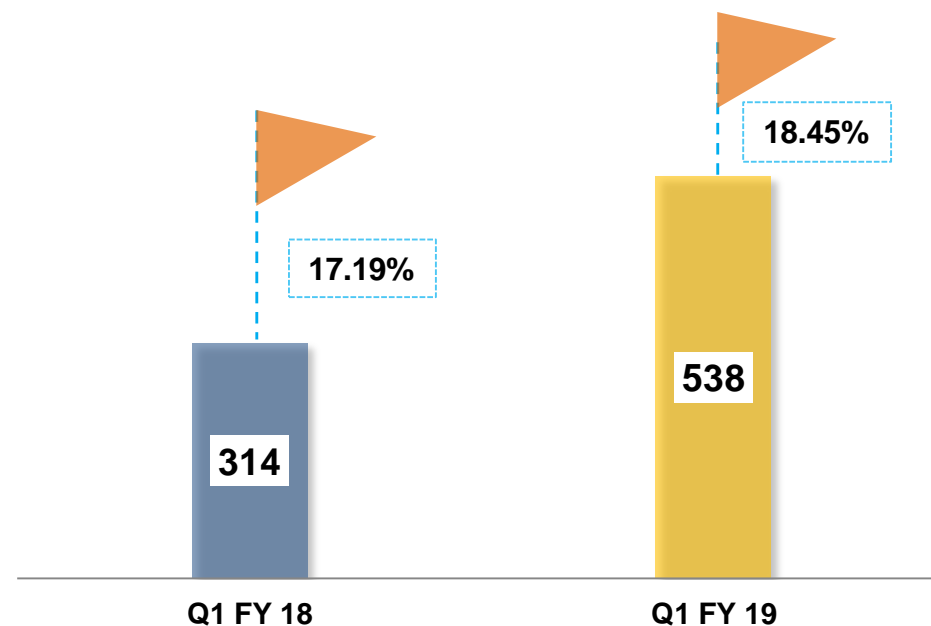
**With legacy provisions behind us, our Q1FY19 performance exhibits the steady state RoE range of the portfolio.**

# Our Delivery – PAT & RoE

## IGAAP



## IND AS



RoE

The numbers in bar graph denote PAT numbers ( Rs. Cr )



# Transform. Focus. Deliver... *Redefined*

## TRANSFORM.

**Sustainably deliver  
top quartile  
RoE**

## FOCUS.



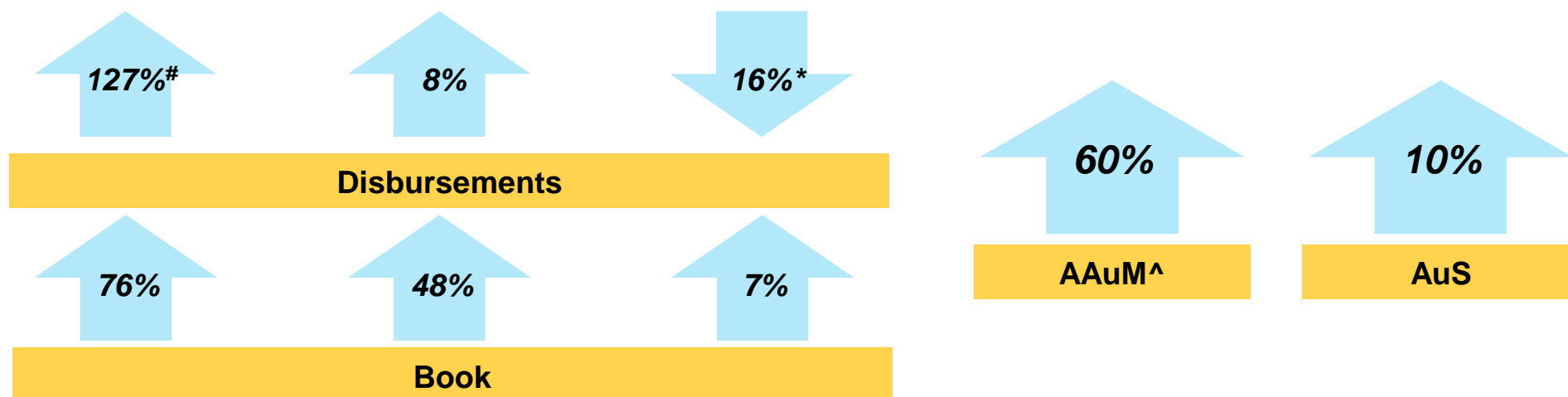
## DELIVER.

- Continuous increase in market share
- Retailisation of the portfolio
- Strong risk framework
- Continue to improve asset quality and further increase provision coverage
- Concentrate on “NIMs + Fees” for measuring transaction profitability
- Strengthen sell down desk further
- Continue to drive cost control and productivity
- Establish digital and data analytics as sustainable competitive advantage

# Our Delivery - Growth



## Growth Y-o-Y

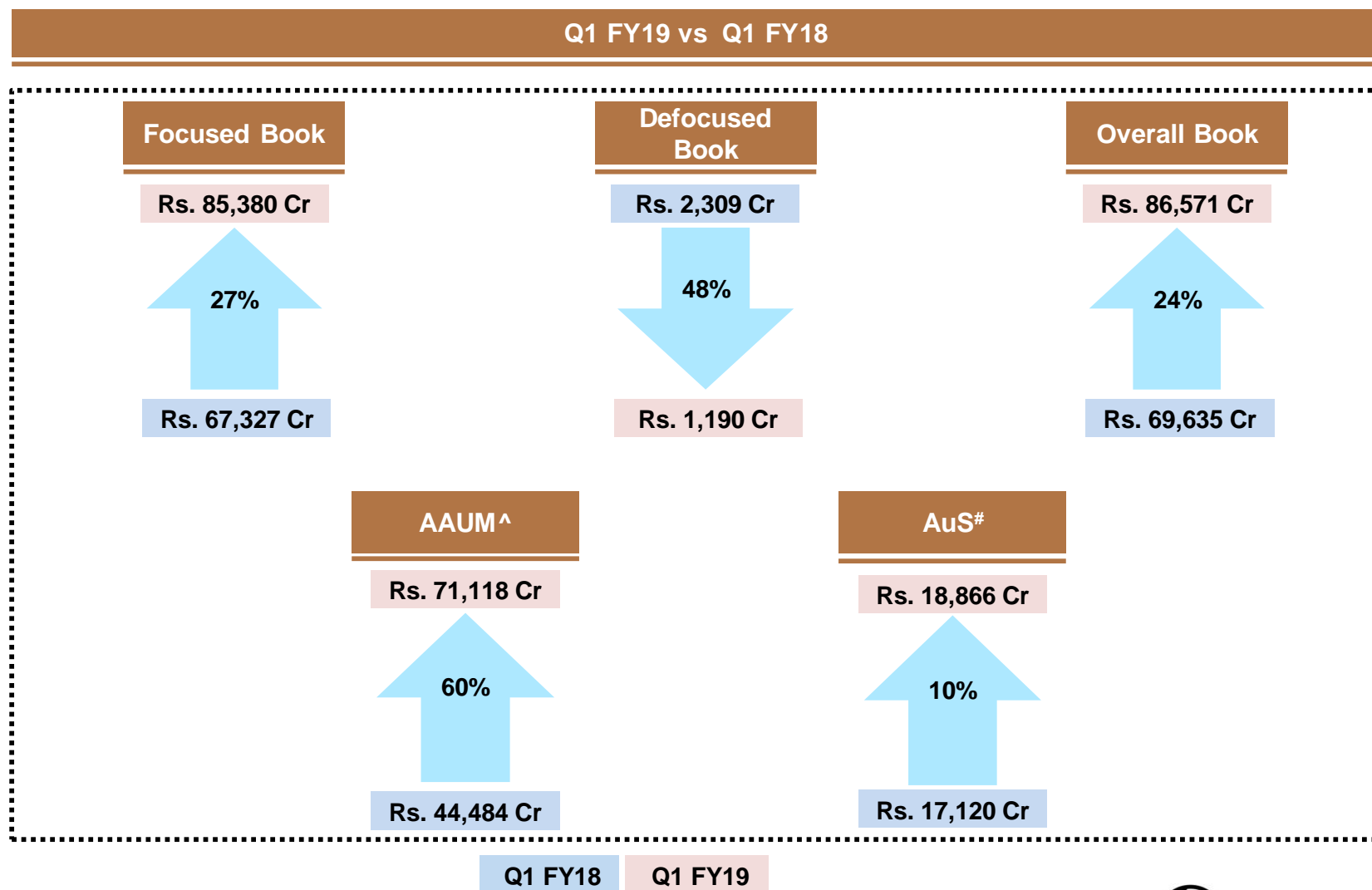


# Excludes Trade advance

\* Excludes IPO financing

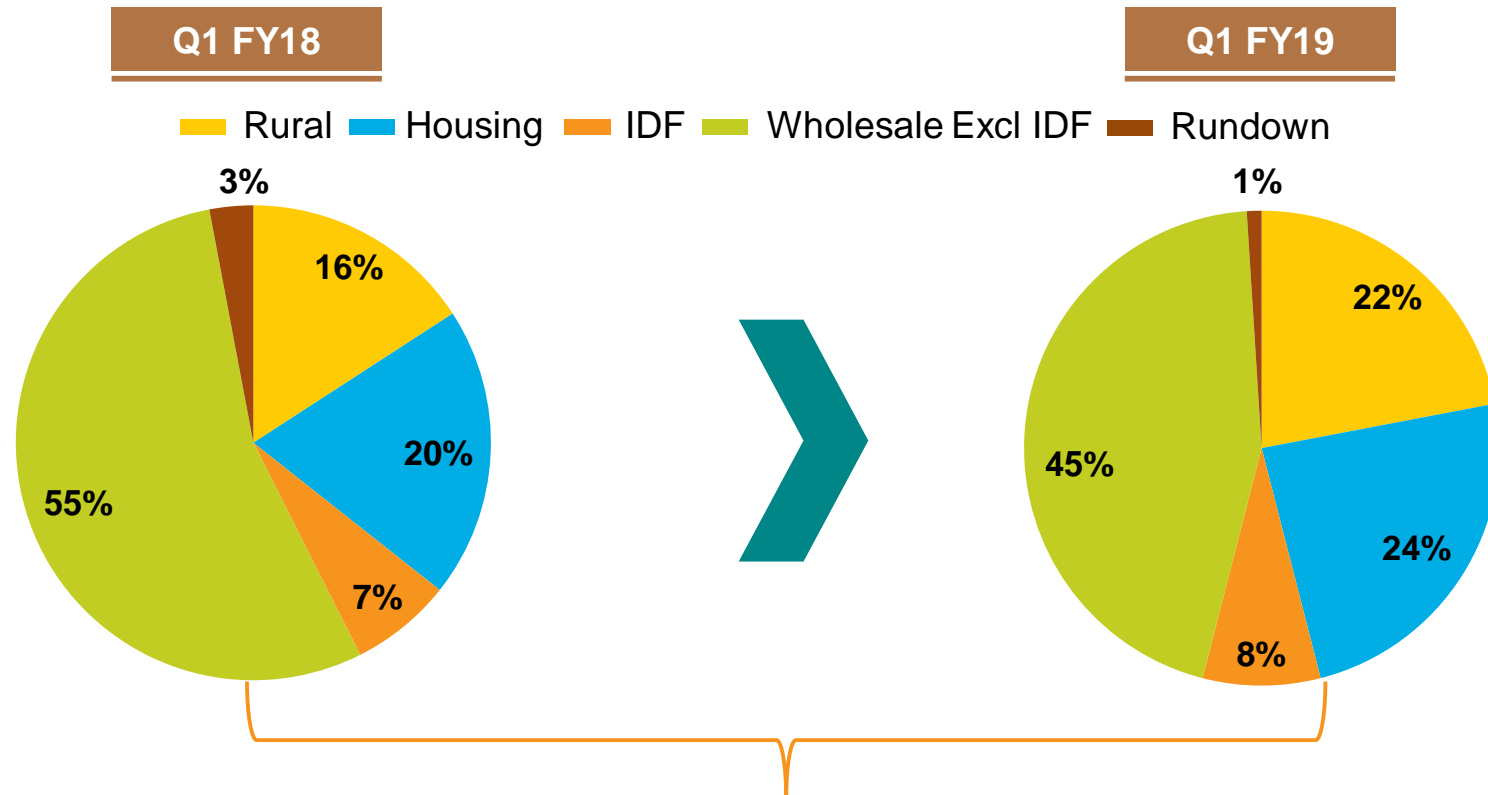
^ Quarterly average

# Our Delivery – Financial Performance



<sup>^</sup> Investment Management – AAUM ; <sup>#</sup> Wealth Management – Closing AuS

# Our Delivery – Increasing Retailisation

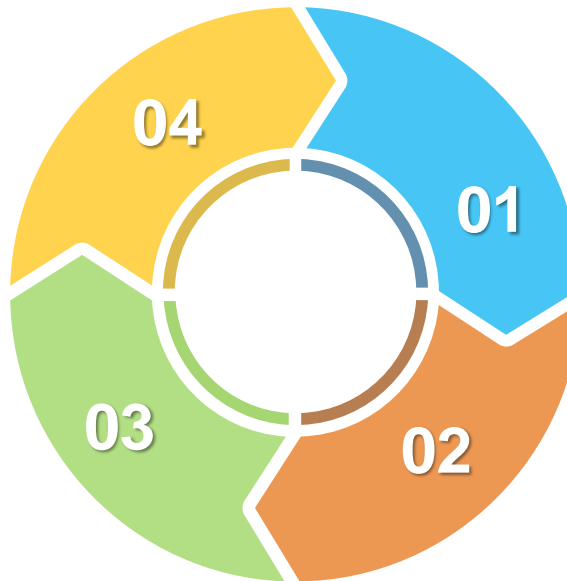


- Focus on growing Rural and Housing book
- Sell down strategy used to limit the wholesale book growth without slowing down business
- Weight of IDF is increasing within wholesale
- Progressive running down of defocused book

# ECL model - an enabler to enterprise risk management

## Expected Credit Loss

- Accounting for expected losses being done on basis of statistical models using internal and external portfolio behaviour
- Robust internal rating models mapped to external benchmarks
- ECL model giving us the opportunity to provide for future event risks
- ECL model acting as portfolio steering tool to optimize risk return paradigm



## Risk Appetite Statement & Risk limits framework

- Risk Appetite Statement clearly defining tolerance levels of capital adequacy, liquidity & earnings volatility
- Risk limits framework identifying risk hotspots & controls portfolio concentration.

## Liquidity Risk Management

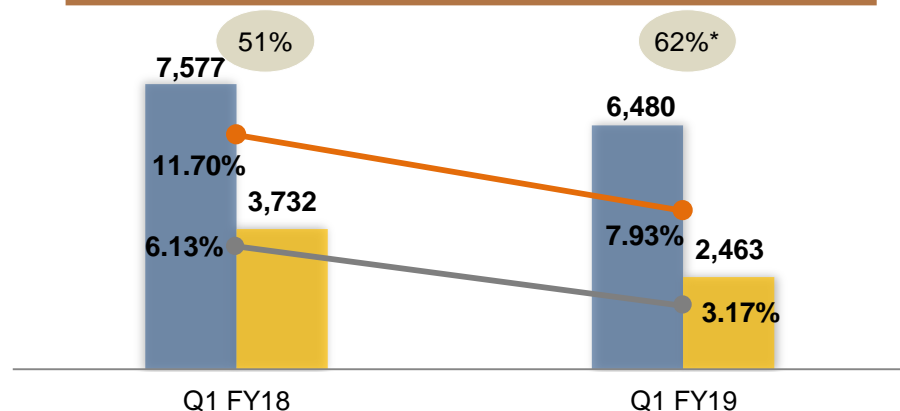
- Liquidity buffer for managing Liquidity Risk during Black Swan events

## Risk Dashboard & Early Warning Signals

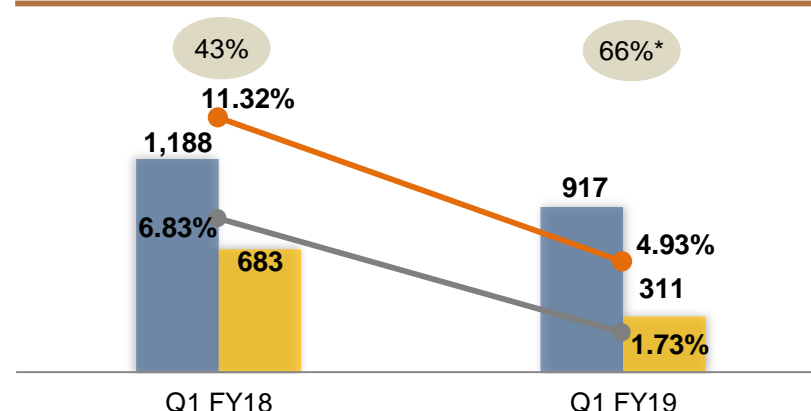
- Risk dashboards providing integrated insights on key risk parameters
- EWS providing timely identification of emerging risks and offers early course correction

# Strengthening Balance sheet – Asset Quality

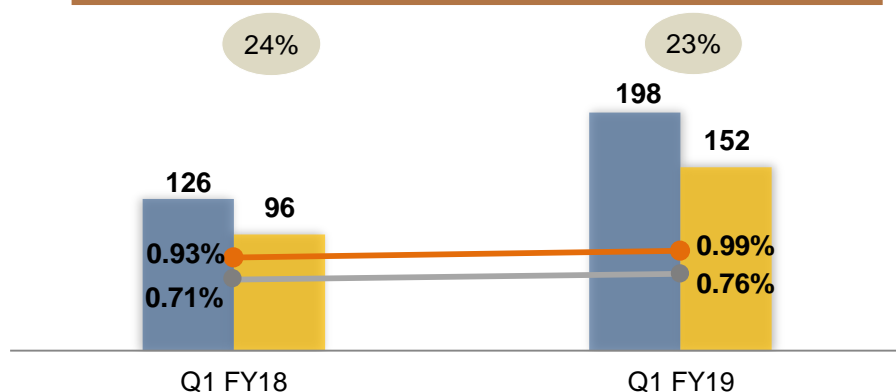
## LTFH Consolidated– Asset Quality



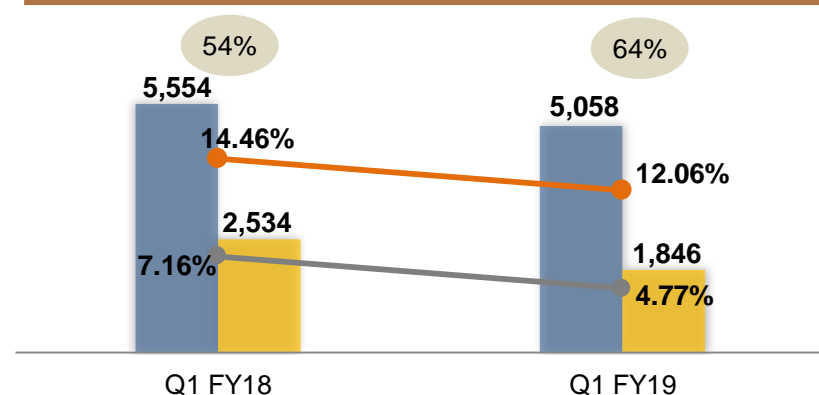
## Rural - Asset Quality



## Housing - Asset Quality



## Wholesale - Asset Quality



■ GS3 (Rs. Cr.)

■ NS3 (Rs. Cr.)

● GS3 (%)

● NS3 (%)

● PCR (%)

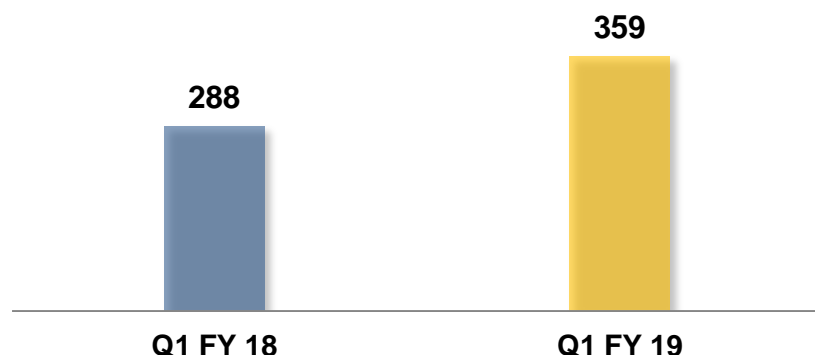
GS3- Gross Stage 3 ; NS3- Net Stage 3

\* Excludes Rs. 90 Cr of provisions taken for unanticipated event risks

# Strengthening NIMs + Fee Income

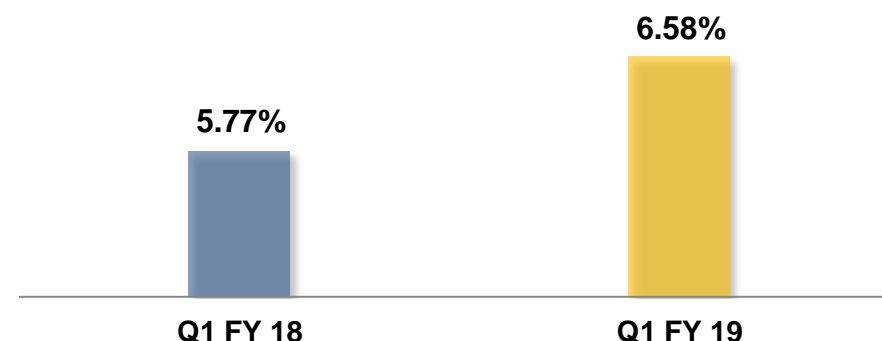
## FEE & OTHER INCOME

*Rs. Cr*



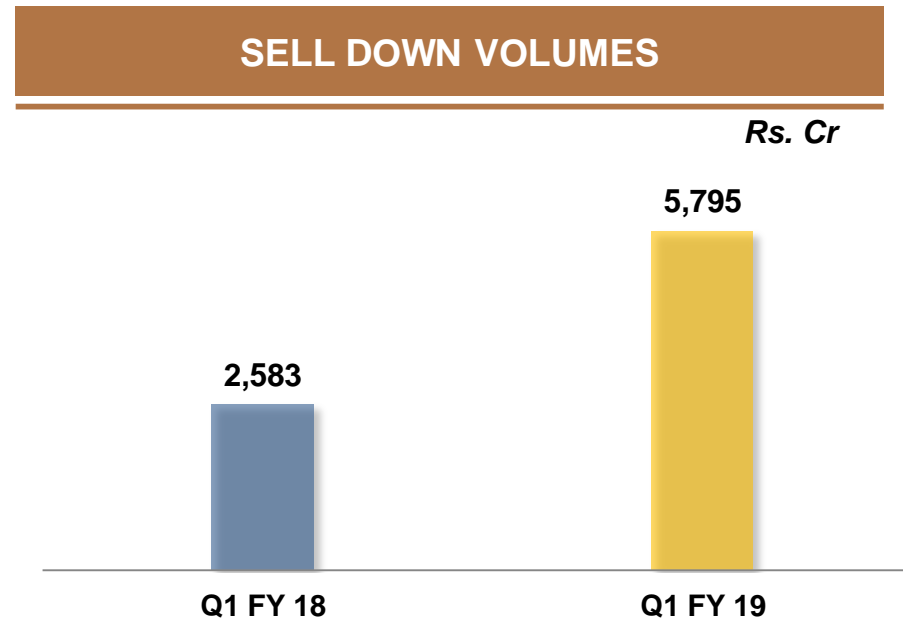
## TOTAL INCOME (NIMs + FEES)

*% of average book*



- Strong growth in fee income as a result of our strategy of concentrating on “NIMs + Fees” for measuring transaction profitability
- Despite rising interest rates, NIMs were managed well due to
  - Change in Product Mix
  - Better ALM strategy
  - Competitive position in many of our products
- Fee Income is getting more broad based across all businesses

# Strong Sell down desk

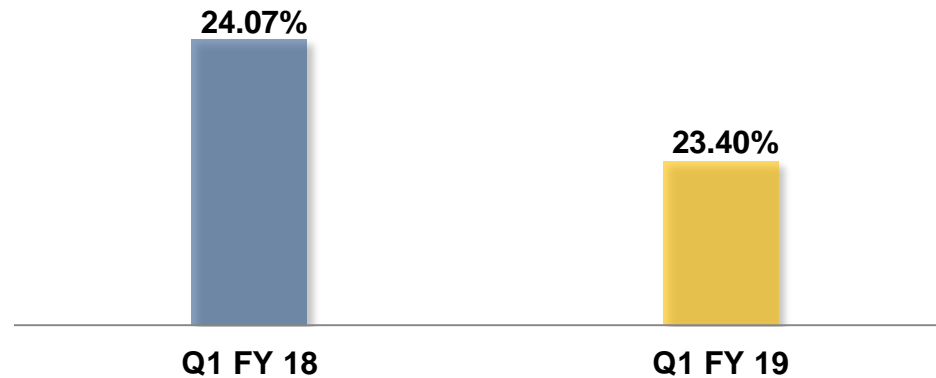


- Sustained sell down volumes despite nil sell down to PSU banks
- Ranked No.1 “Mandated Lead Arranger” in India by Thomson Reuters and No. 2 by Bloomberg
- Foremost Indian “Mandated Lead Arranger” for Asia Pacific Project finance loans by Bloomberg



# Strengthening Cost control

## COST TO INCOME RATIO



- Cost in control despite considerable investments in
  - Digital & data analytics
  - Branch infrastructure
  - Manpower

# Using power of data to unlock RoE

- Robust customer differentiation and credit decisioning capabilities using data analytics
- Early warning detection techniques to identify potential losses and exposures proactively

## Cost of Collection / Credit Cost

## Cost of Servicing

- Seamless multichannel proposition for fulfilment of on-demand service requests
- Elimination of manual data entry

- Interdisciplinary and agile processes across products
- Paperless on-boarding and verification using e-KYC, e-sign, e-stamping

## Cost of Acquisition / Onboarding

## Productivity Enhancements

- Tech empowered front line staff for real time algorithm based decisions
- Dynamic target allocation to tap business opportunities

- USP around best in market turn around time (TAT)
- Value proposition for higher customer wallet share

## Growth

# LTFH consolidated Q1 FY19 – Capital allocation and RoE bridge

Q1 FY18			Business Segments (Rs. Cr)	Q1 FY19			PAT Y-o-Y (%)
PAT	Net Worth	RoE		PAT	Net Worth	RoE	
104	1,359	31.33%	Rural Business	193	2,986	28.04%	86%
119	1,474	34.40%	Housing Business	166	2,700	25.70%	39%
160	4,483	14.47%	Wholesale Business	208	5,268	15.58%	30%
<b>383</b>	<b>7,315</b>	<b>21.48%</b>	<b>Lending Business</b>	<b>567</b>	<b>10,954</b>	<b>21.25%</b>	<b>48%</b>
18	793	9.17%	Investment Management	2	855	0.85%	-
3	18	64.26%	Wealth Management	3	47	30.34%	25%
<b>404</b>	<b>8,126</b>	<b>20.36%</b>	<b>Focus Business Total</b>	<b>573</b>	<b>11,856</b>	<b>19.78%</b>	<b>42%</b>
(60)	263	-	De-focused Business	(18)	168	-	-
<b>344</b>	<b>8,390</b>	<b>16.70%</b>	<b>Businesses Total</b>	<b>554</b>	<b>12,023</b>	<b>18.86%</b>	<b>61%</b>
(30)	(737)	-	Others	(16)	(71)	-	-
<b>314</b>	<b>7,652</b>	<b>17.19%</b>	<b>LTFH Consol. (To Equity Shareholders)</b>	<b>538</b>	<b>11,952</b>	<b>18.45%</b>	<b>71%</b>

# Conclusion

❖ LTFH has achieved RoE of 18.45% which is within the steady state range

❖ Consolidated PAT increased by 71% to Rs. 538 Cr in Q1 FY19 vs Rs. 314 Cr in Q1 FY18

## ❖ **Key Financial parameters Q1 FY19 vs. Q1 FY18**

- Book has increased by 24% from Rs.69,635 Cr to Rs.86,531 Cr
- NIMs + Fees stands at 6.58% vs 5.77%
- Cost to Income ratio has decreased from 24.07% to 23.40%

## ❖ **Asset Quality performance Q1 FY19 vs. Q1 FY18**

- Gross Stage 3 levels have gone down to 7.93% from 11.70%
- Net Stage 3 levels have gone down to 3.17% from 6.13%
- Provision coverage increased to 61.99% from 50.74%

## ❖ **Having reached steady state RoE, our focus will be on:**

- Responsible growth
- Maintaining steady state RoE
- Minimising sigma through tightly managing all families of risk



## Detailed ECL approach



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# Key Concepts of ECL (1/2)

- ECL (forward-looking) is computed as:  $PD \times LGD \times EAD$
- 3-Stage impairment model - Based on whether there is a significant increase in the credit risk of the financial assets since its initial recognition
- Stage of loan determines amount of impairment to be recognized as ECL

## PD

- Probability of whether a borrower will default on its obligations in the future
- Expressed in % of no. of borrowers
- Longer the time horizon, higher the PD for a borrower
- PD varies across stages of loan

## LGD

- Depends on recovery process, type and amount of collateral
- Expressed in % of exposure
- Computed over lifetime of loan and applies uniformly across stages of loans

## EAD

- Exposure amount to a borrower at the time of default
- It includes outstanding principal, unrealized accrued interest, off-balance sheet non-fund based exposures, undisbursed commitments etc.

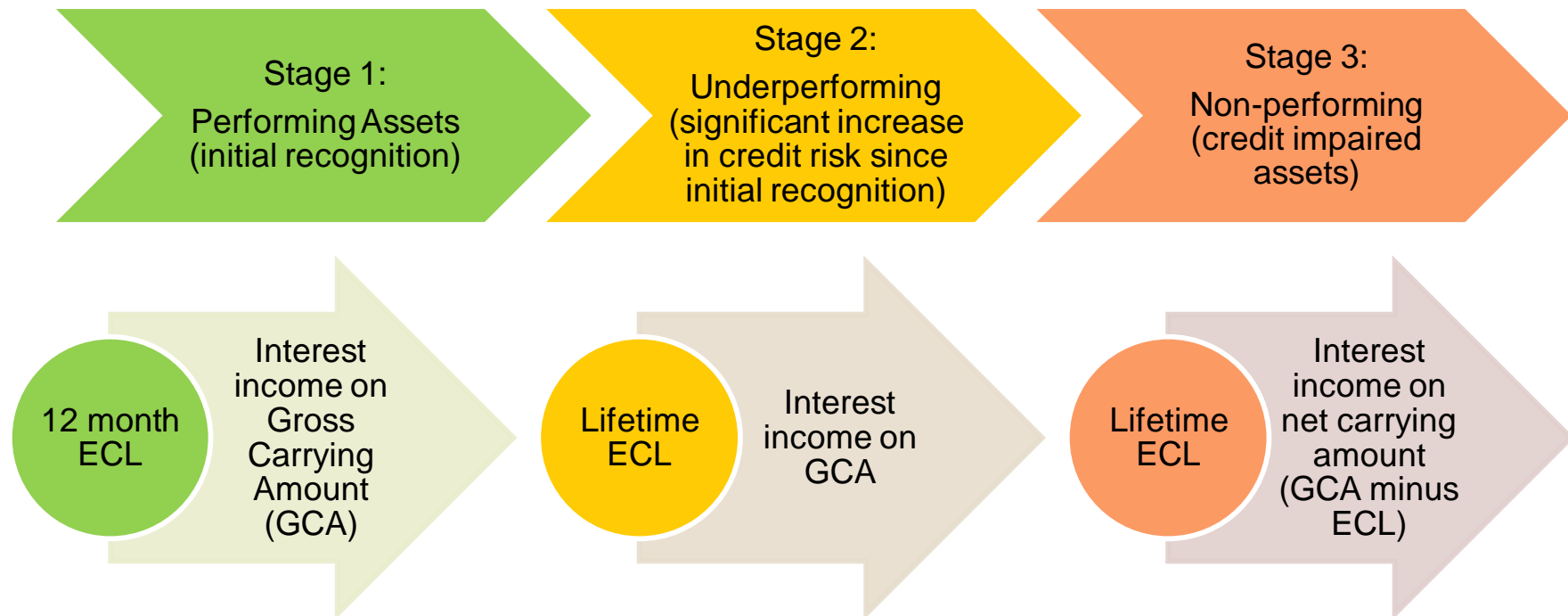
PD: Probability of Default

LGD: Loss Given Default

EAD: Exposure at Default

# Key Concepts of ECL (2/2)

Change in Credit quality since initial recognition



# ECL - Key Differences: IRACP and IND AS

COMPONENTS	RBI/NHB IRACP REGULATIONS	IND AS 109
Incurring vs Expected Loss	Rule-based graded increase in provisions based on time since default. Hybrid approach with voluntary provisions basis assessment of current information i.e. incurred losses.	Based on historical trend, current conditions and expected future conditions (forward-looking view) i.e. expected losses
Product Differentiation	Uniform approach across products, sectors, geography	Differential ECL measurement for different portfolio segments. Segmentation basis homogenous risk characteristics of products, sector, geography etc.
Asset Classification Norms	<ul style="list-style-type: none"> <li>• Standard Asset - Performing</li> <li>• Sub-Standard Asset - NPA &lt;12 months</li> <li>• Doubtful Assets - NPA &gt;12 months</li> <li>• Loss Assets - non-recoverable</li> </ul>	<ul style="list-style-type: none"> <li>• Stage 1: Performing – &lt; 30/60 DPD</li> <li>• Stage 2: Under-performing – 31/61-90 DPD</li> <li>• Stage 3: Non-performing – 90+ DPD</li> </ul>
Time Value of Money	Not considered. Absolute value of recovery matters irrespective of time of recovery.	Factored in through discounting of expected recovery to the present value based on time.
Income Recognition	No income recognition on NPA assets	Interest calculation on Stage 3 assets as well to be computed on the Net Carrying Value (NCV)
Exposure	<ul style="list-style-type: none"> <li>• Fund based facility</li> <li>• Interest not collected to be excluded</li> <li>• Interest not to be accrued for NPA assets</li> </ul>	<ul style="list-style-type: none"> <li>• Interest amount up to 90 days to be part of EAD for stage 3.</li> <li>• Interest accrued on Stage 3 assets on the Net Carrying Value (NCV) (funded + non funded)</li> </ul>



# Overview of LTFS ECL Model : Retail Assets

## Stage Definition

- Portfolio approach adopted for retail exposures
- Product as the homogenous pool
  - To be refined in future with further segmentation within a product
- Stage 3: > 90 DPD; Stage 2: > 30 DPD <= 90 DPD; Stage 1: < 30 DPD
- Borrower-wise classification across all facilities i.e. maximum DPD

# Retail Assets: Illustration of ECL computation (1/2)

PD (16 quarterly snapshot)					
DPD MOB	0	1	2	3	.
0	P11	P12	P13	.	.
1-30	.	.	.	.	.
.	.	.	.	.	.
.	.	.	.	.	.
>90	P51	P52	P53	.	.

- Default behaviour of customers belonging to 0 DPD & 0 MOB in each snapshot tracked after 12-months and till end of loan tenor (PD)
- P11= weighted average PD of 16 snapshots where count of customers is used as weight

LGD (16 quarterly snapshot)					
DPD MOB	0	1	2	3	.
0	L11	L12	L13	.	.
1-30	.	.	.	.	.
.	.	.	.	.	.
.	.	.	.	.	.
>90	L51	L52	L53	.	.

- Loss behaviour on foreclosure/ settlement/ recovery as a % of POS on default date for customers in 0 DPD & 0 MOB tracked (LGD)
- L11= weighted average LGD of 16 snapshots where POS is used as weight

EAD Adjustment Factor (16 quarterly snapshot)					
DPD MOB	0	1	2	3	.
0	E11	E12	E13	.	.
1-30	.	.	.	.	.
.	.	.	.	.	.
.	.	.	.	.	.
>90	E51	E52	E53	.	.

- POS on date of default upon POS at snapshot date for customers in 0 DPD & 0 MOB in each snapshot tracked (EAD Adjustment Factor)
- E11= weighted average EAD Adjustment Factor of 16 snapshots where POS is used as weight

# Retail Assets: Illustration of ECL computation (2/2)

EAD as on quarter end...					
DPD MOB	0	1	2	3	.
0	B11	B12	B23	.	.
1-30	.	.	.	.	.
.	.	.	.	.	.
.	.	.	.	.	.
>90	B51	B52	B53	.	.

- EAD includes POS, DPOS, interest debtor, broken period interest
- EAD as at the reporting date is categorized into crosstab of DPD and MOB
- B11 is the EAD for 0 DPD and 0 MOB bucket

Expected Credit Loss (ECL)						
DPD MOB	0	1	2	3	.	Total
0	$P11 \cdot E11 \cdot L11 \cdot B11$	$P12 \cdot E12 \cdot L12 \cdot B12$	$P13 \cdot E13 \cdot L13 \cdot B13$	.	.	$\Sigma$
1-30	.	.	.	.	.	$\Sigma$
.	.	.	.	.	.	$\Sigma$
.	.	.	.	.	.	$\Sigma$
>90	$P51 \cdot E51 \cdot L51 \cdot B51$	$P52 \cdot E52 \cdot L52 \cdot B52$	$P53 \cdot E53 \cdot L53 \cdot B53$	.	.	$\Sigma$
Total	$\Sigma$	$\Sigma$	$\Sigma$	$\Sigma$	$\Sigma$	$\Sigma\Sigma$

# Overview of LTFS ECL Model : Wholesale & Real Estate

## Wholesale & Real Estate: Methodology

PD Estimation

Internal rating mapped to CRISIL rating - validated by Oliver Wyman

Stage 3 definition

>90 DPD; relationship level approach adopted rather than facility level approach

Regulatory forbearances accounts

Included in Stage 3

Weak standard accounts

Included in Stage 3


Qualitative criteria for staging

Legal cases / 2 notch rating downgrade

# Net Worth Reconciliation IGAAP vs. IND AS

Particulars (Rs. Crs.)	Amount
<b>Equity under Indian GAAP 31<sup>st</sup> March 2017</b>	<b>9,107</b>
Ind AS adjustments:	
Adjustment of Infra provision in opening Balance Sheet	-1,800
DTA on the above adjustment (1,800 * 34.608%)	623
Redeemable preference capital classified as liability	-1,213
Valuation of investments	226
Consolidation of Infra fund	24
Amortised Cost of Borrowings	23
Others*	-10
<b>Equity under Ind AS 1<sup>st</sup> April 2017</b>	<b>6,981</b>
IND AS Profit/(Loss) for year ended 31st Mar 2018	1,275
Equity infusion	3,354
Dividend including DDT	-222
ESOP Reserve	26
IND AS Profit/(Loss) for quarter ended 30th June 18	538
<b>Equity under Ind AS 30<sup>th</sup> June 2018</b>	<b>11,952</b>

\*Others includes amortization of fee income, opening adjustment in ECL other than Infra, recognition of unmortised gain/(losses) and other misc adjustments

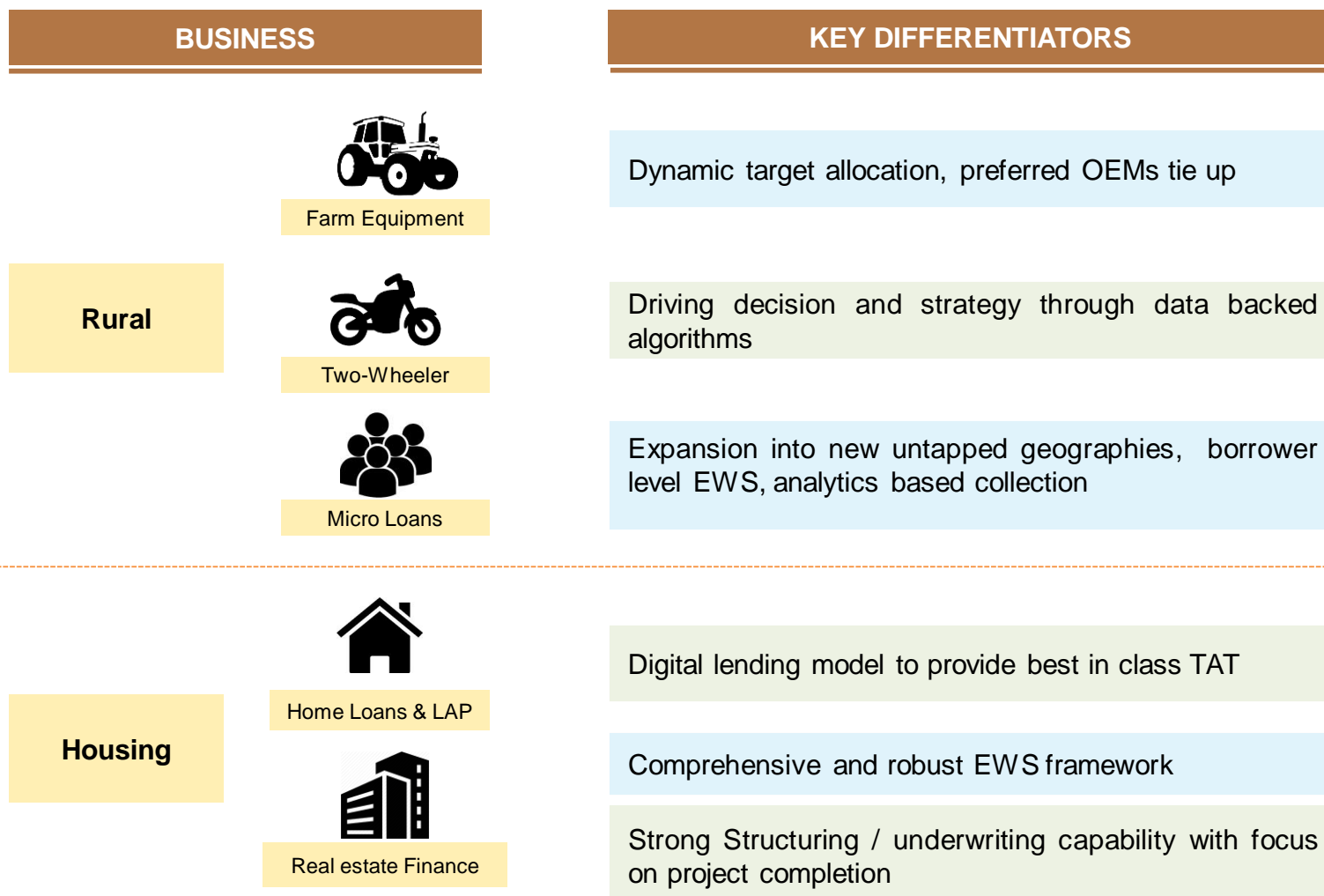


## Appendix



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# Business strengths – 1/2



# Business strengths – 2/2

## BUSINESS

Wholesale



Investment  
Management



Wealth  
Management



## KEY DIFFERENTIATORS

Bouquet of products through project life cycle

Leadership in focused infra sectors; renewables, roads and transmission

Strong credit appraisal, structuring, risk and asset management expertise coupled with industry leading down selling desk

54% of total AAUM is equity AAUM, amongst the industry best

Consistent fund performance and excellent distribution franchisee

Tailored client-centric advice

Use of cutting edge portfolio analytics

Wide range of products across major asset classes



# LTFH Consolidated – Summary financial performance

Performance Summary			
Summary P&L (Rs. Cr. )	Q1FY18	Q1FY19	Y-o-Y (%)
Interest Income	1,960	2,564	31%
Interest Expense	1,264	1,512	20%
NIM	696	1,052	51%
Fee & Other Income	288	359	25%
Total Income	983	1,411	44%
Operating Expense	237	330	40%
Earnings before credit cost	747	1,081	45%
Credit Cost	410	356	(13%)
<b>PAT</b>	<b>314</b>	<b>538</b>	<b>71%</b>

Particulars (Rs. Cr. )	Q1FY18	Q1FY19	Y-o-Y(%)
Book	69,635	86,571	24%
Networth	7,652	11,952	56%
Book Value per share (Rs.)	42.02	59.89	

# LTFH Consolidated– Key ratios

Key Ratios		
Key Ratios	Q1FY18	Q1FY19
Yield	11.50%	11.95%
Net Interest Margin	4.08%	4.90%
Fee & Other Income	1.69%	1.67%
<b>NIM + Fee &amp; Other Income</b>	5.77%	6.58%
<b>Operating Expenses</b>	1.39%	1.54%
<b>Earnings before credit cost</b>	4.38%	5.04%
Credit Cost	2.41%	1.66%
Return on Assets	1.74%	2.42%
Debt / Equity	8.09	6.27
<b>Return on Equity</b>	17.19%	18.45%

# Lending Business – Business wise disbursement split

Disbursement			
Segments (Rs. Cr. )	Q1FY18	Q1FY19	Y-o-Y (%)
Farm Equipment	673	915	36%
2W Finance	465	952	105%
Micro Loans	833	2,613	213%
<b>Rural Finance</b>	<b>1,972</b>	<b>4,480</b>	<b>127%</b>
Home Loans / LAP	709	885	25%
Real Estate Finance	1,571	1,572	0%
<b>Housing Finance</b>	<b>2,280</b>	<b>2,458</b>	<b>8%</b>
Infrastructure Finance	4,272	3,348	-22%
Structured Corp Finance	550	376	-32%
Supply Chain Finance	2,448	1,698	-31%
DCM	3,087	3,243	5%
<b>Wholesale Finance</b>	<b>10,356</b>	<b>8,665</b>	<b>-16%</b>
<b>Focused Business</b>	<b>14,607</b>	<b>15,603</b>	<b>7%</b>
De-focused Products	-	-	-
<b>Total Disbursement*</b>	<b>14,607</b>	<b>15,603</b>	<b>7%</b>

\* Excludes IPO funding and trade advance

# Lending Business – Business wise book split

Book			
Segments (Rs. Cr. )	Q1FY18	Q1FY19	Y-o-Y (%)
Farm Equipment	4,677	6,199	33%
2W Finance	2,245	3,771	68%
Micro Loans	3,902	9,109	133%
<b>Rural Finance</b>	<b>10,824</b>	<b>19,079</b>	<b>76%</b>
Home Loans / LAP	7,728	9,108	18%
Real Estate Finance	6,015	11,248	87%
<b>Housing Finance</b>	<b>13,743</b>	<b>20,356</b>	<b>48%</b>
Infrastructure Finance	31,181	33,843	9%
Structured Corp Finance	6,097	7,635	25%
Supply Chain Finance	1,840	1,220	-34%
DCM	3,642	3,247	-11%
<b>Wholesale Finance</b>	<b>42,760</b>	<b>45,945</b>	<b>7%</b>
<b>Focused Business</b>	<b>67,327</b>	<b>85,380</b>	<b>27%</b>
De-focused Products	2,309	1,190	-48%
<b>Total Book*</b>	<b>69,635</b>	<b>86,571</b>	<b>24%</b>

\* Excludes IPO funding and trade advance

# Rural Business – Summary financial performance

Performance Summary			
Summary P&L (Rs. Cr. )	Q1FY18	Q1FY19	Y-o-Y (%)
Interest Income	467	823	76%
Interest Expense	180	316	76%
NIM	287	507	77%
Fee & Other Income	42	74	77%
Total Income	329	581	77%
Operating Expense	82	137	68%
Earnings before credit cost	247	443	79%
Credit Cost	123	186	51%
PAT	104	193	86%

Particulars (Rs. Cr. )	Q1FY18	Q1FY19	Y-o-Y (%)
Book	10,824	19,079	76%
Networth	1,359	2,986	120%

# Rural Business – Key ratios

Key Ratios		
Key Ratios	Q1FY18	Q1FY19
Yield	17.95%	18.33%
Net Interest Margin	11.04%	11.28%
Fee & Other Income	1.60%	1.64%
<b>NIM + Fee &amp; Other Income</b>	<b>12.64%</b>	<b>12.93%</b>
<b>Operating Expenses</b>	<b>3.14%</b>	<b>3.05%</b>
<b>Earnings before credit cost</b>	<b>9.50%</b>	<b>9.87%</b>
Credit Cost	4.73%	4.14%
Return on Assets	3.98%	4.30%
Debt / Equity	6.64	5.37
<b>Return on Equity</b>	<b>31.33%</b>	<b>28.04%</b>

# Housing Business – Summary financial performance

Performance Summary			
Summary P&L (Rs. Cr. )	Q1FY18	Q1FY19	Y-o-Y (%)
Interest Income	374	597	60%
Interest Expense	225	343	52%
NIM	149	254	71%
Fee & Other Income	52	77	48%
Total Income	201	331	65%
Operating Expense	28	38	33%
Earnings before credit cost	172	293	70%
Credit Cost	30	66	121%
PAT	119	166	39%

Particulars (Rs. Cr. )	Q1FY18	Q1FY19	Y-o-Y (%)
Book	13,743	20,356	48%
Networth	1,474	2,700	83%

# Housing Business – Key ratios

Key Ratios		
Key Ratios	Q1FY18	Q1FY19
Yield	11.54%	12.12%
Net Interest Margin	4.59%	5.16%
Fee & Other Income	1.60%	1.56%
<b>NIM + Fee &amp; Other Income</b>	6.19%	6.72%
<b>Operating Expenses</b>	0.88%	0.76%
<b>Earnings before credit cost</b>	5.31%	5.95%
Credit Cost	0.92%	1.34%
Return on Assets	3.52%	3.21%
Debt / Equity	8.44	6.81
<b>Return on Equity</b>	34.40%	25.70%



# Wholesale Business – Summary financial performance

Performance Summary			
Summary P&L (Rs. Cr. )	Q1FY18	Q1FY19	Y-o-Y (%)
Interest Income	1,064	1,111	4%
Interest Expense	785	822	5%
NIM	279	289	4%
Fee & Other Income	123	143	17%
Total Income	402	432	8%
Operating Expense	45	68	53%
Earnings before credit cost	357	364	2%
Credit Cost	191	92	-52%
PAT	160	208	30%

Particulars (Rs. Cr. )	Q1FY18	Q1FY19	Y-o-Y (%)
Book	42,760	45,945	7%
Networth	4,483	5,268	18%

# Wholesale Business – Key ratios

Key Ratios		
Key Ratios	Q1FY18	Q1FY19
Yield	10.06%	9.50%
Net Interest Margin	2.64%	2.47%
Fee & Other Income	1.16%	1.22%
<b>NIM + Fee &amp; Other Income</b>	<b>3.80%</b>	<b>3.70%</b>
<b>Operating Expenses</b>	<b>0.42%</b>	<b>0.58%</b>
<b>Earnings before credit cost</b>	<b>3.38%</b>	<b>3.11%</b>
Credit Cost	1.81%	0.79%
Return on Assets	1.45%	1.75%
Debt / Equity	8.74	7.83
<b>Return on Equity</b>	<b>14.47%</b>	<b>15.58%</b>

# Infrastructure Finance & DCM – Business wise split

DISBURSEMENT

Sectors (Rs. Cr)	Q1FY18	Q1FY19	Y-o-Y (%)
Renewable Power	1,337	2,971	122%
Roads	2,696	115	(96%)
Power Transmission	952	49	(95%)
Others <sup>1</sup>	2,373	3,456	46%
<b>Total</b>	<b>7,358</b>	<b>6,591</b>	<b>(10%)</b>
<b>Net Disbursements</b>	<b>4,775</b>	<b>896</b>	<b>(81%)</b>

LOAN BOOK

Sectors (Rs. Cr)	Q1FY18	Q1FY18 (% of Total)	Q1FY19	Q1FY19 (% of Total)	Y-o-Y (%)
Renewable Power	12,596	36%	17,376	47%	38%
Roads	9,901	28%	7,003	19%	(29%)
Power Transmission	2,904	8%	1,927	5%	(34%)
Others <sup>1</sup>	9,423	27%	10,784	29%	14%
<b>Total</b>	<b>34,824</b>	<b>100%</b>	<b>37,090</b>	<b>100%</b>	<b>7%</b>

<sup>1</sup> Others includes DCM desk, infra project implementers, telecom, thermal power, healthcare, water treatment, select hotels etc.

# Product profile and Geographies

## BUSINESS

## Average Ticket Size

## Average Tenor

## Major Geographies



**Farm Equipment**

Rs. 4 Lacs

46 months

MP, UP, Maharashtra, Karnataka, Telangana, AP

**Rural**



**2 Wheeler**

Rs. 52k

25 months

Kolkata, Ahmedabad, Surat, Mumbai, Pune, Bangalore, New Delhi, Hyderabad



**Micro Loan**

Rs. 32k

24 months

TN, WB, Orissa, Kerala, Karnataka, Madhya Pradesh, Assam, Bihar

**Housing**



**Home Loan**

Rs. 41 Lacs

13 years

Mumbai, Delhi, Bangalore, Pune, Hyderabad, Chennai & Surat

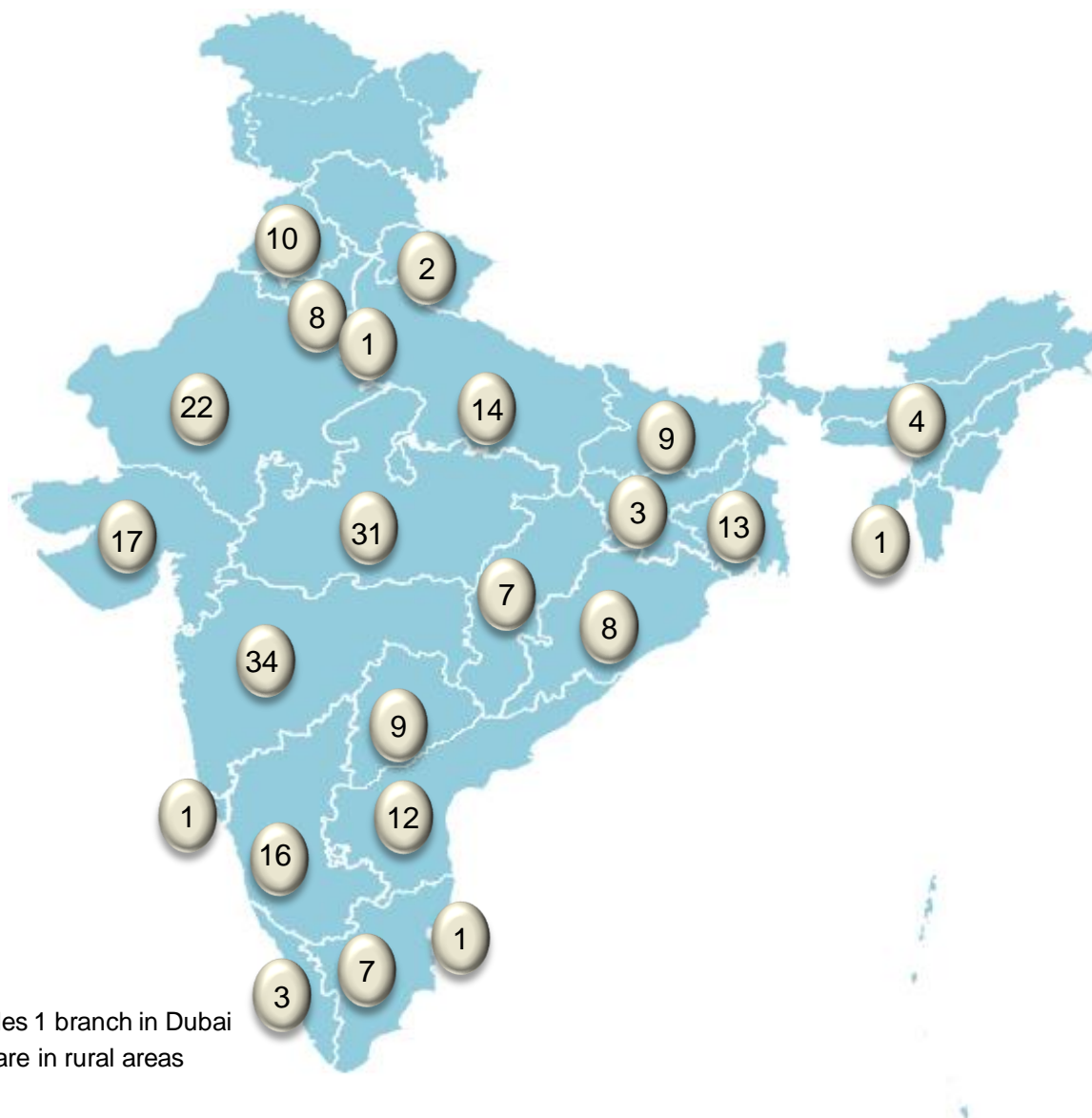
**Loan against Property**

Rs. 56 Lacs

12 years

Mumbai, Pune, NCR, Hyderabad, Bangalore, Chennai

# LTFH branch footprint



As of June 30<sup>th</sup> 2018

No. of States & Union Territories	21 & 2
No. of branches*	232
No. of Micro Loans meeting centers**	1,065
No. of employees	18,009

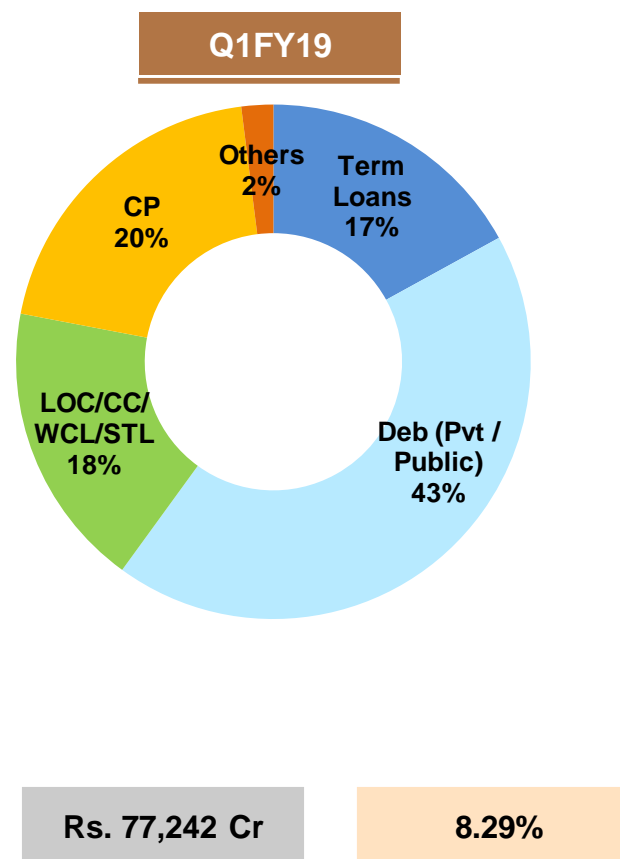
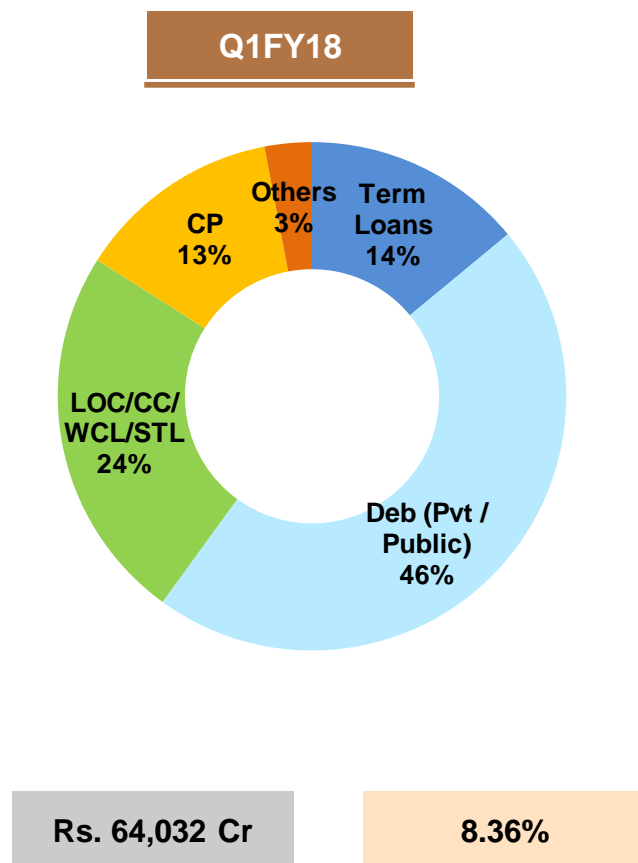
\*Also includes 1 branch in Dubai

\*\*All these are in rural areas

# Corporate structure & Credit ratings

L&T FINANCE HOLDINGS (LTFH)					
India Ratings & Research, CARE				AAA (Long Term) A1+ (Short Term)	
ICRA				AA+	
LENDING				NON LENDING	
L&T FINANCE	L&T HOUSING FINANCE	L&T INFRA FINANCE	L&T INFRA DEBT FUND	L&T INVESTMENT MANAGEMENT	L&T CAPITAL MARKETS
India Ratings & Research, CARE	India Ratings & Research, CARE	India Ratings & Research, CARE	ICRA, CARE, CRISIL		
SHORT TERM	A1+	A1+	A1+		
LONG TERM	AAA	AAA	AAA		
	ICRA	ICRA	ICRA		
SHORT TERM	A1+	A1+	A1+		
LONG TERM	AA+	AA+	AA+		

# Consolidated debt profile - Effective liability management



Consolidated Debt WACC

<sup>1</sup> Others includes ICB & Preference Capital

<sup>2</sup> WAC is including Preference Capital

# AUM disclosure – Investment Management Business

Assets Under Management (Rs. Cr.)						
	Quarter ended June, 2017		Quarter ended March, 2018		Quarter ended June, 2018	
Fund Type	AUM <sup>1</sup>	Avg. AUM <sup>2</sup>	AUM <sup>1</sup>	Avg. AUM <sup>2</sup>	AUM <sup>1</sup>	Avg. AUM <sup>2</sup>
Equity (Other than ELSS)	18,461	16,795	32,983	32,183	35,494	35,443
Equity – ELSS	2,296	2,225	3,047	3,024	3,173	3,219
Income	13,706	14,546	15,236	15,610	14,157	14,740
Liquid	11,506	10,725	10,179	14,955	16,801	17,564
Gilt	196	193	158	160	148	152
<b>TOTAL</b>	<b>46,165</b>	<b>44,484</b>	<b>61,603</b>	<b>65,932</b>	<b>69,773</b>	<b>71,118</b>

<sup>1</sup> As on the last day of the Quarter <sup>2</sup> Average AUM for the Quarter



# Board comprises majority of Independent Directors

## Board of Directors



**S. V. Haribhakti**, *Non-Executive Chairman, Independent Director*

- Chairman, Haribhakti & Co, LLP
- 40+ years of experience in audit, tax and consulting



**Thomas Mathew**, *Independent Director*

- Former Managing Director of Life Insurance Corporation of India
- 36+ years of experience in Life Insurance Industry



**Dinanath Dubhashi**, *Managing Director & CEO*

- 28+ years of experience across multiple domains in BFSI such as Corporate Banking, Cash Management, Credit Ratings, Retail Lending and Rural Financing



**Nishi Vasudeva**, *Independent Director*

- Former Chairman and Managing Director of Hindustan Petroleum Corporation Ltd
- 30+ years of experience in Petroleum Industry



**R. Shankar Raman**, *Non-Executive Director*

- Current whole time director & CFO of L&T Limited
- 30+ years of experience in finance, including audit and capital markets



**Dr. Rajani Gupte**, *Independent Director*

- Current Vice Chancellor of Symbiosis International University, Pune
- 30+ years of experience in teaching and research at prestigious institutes



**P. V. Bhide**, *Independent Director*

- Retired IAS officer of the Andhra Pradesh Cadre (1973 Batch)
- Former Revenue Secretary; 40+ years experience across various positions in the Ministry of Finance



**Pavinder Singh**, *Nominee Director*

- Managing Director with Bain Capital- Mumbai
- Earlier with Medrishi.com as Co-CEO and Consultant at Oliver Wyman



**Harsh C. Mariwala**, *Independent Director*

- Chairman of Marico Limited
- 30+ years of experience in building certain Consumer brands in India



**Prabhakar B.**, *Non-Executive Director*

- Former Chairman and Managing Director of Andhra Bank
- 37+ years of experience in the banking industry

# Management Team



**Dinanath Dubhashi**  
Managing Director & CEO  
28 yrs exp, BNP Paribas, SBI Cap, CARE



**Kailash Kulkarni**  
CE - Investment Management &  
Group Head - Marketing  
28 yrs exp, Kotak Mahindra AMC,  
Met Life, ICICI



**Sunil Prabhune**  
CE – Rural & CHRO  
20 yrs exp, ICICI Bank, GE, ICI



**Virender Pankaj**  
CE – Wholesale &  
Group Head – Sell down  
27 yrs exp, SBI



**Srikanth J**  
CE – Housing &  
Group Head – Central operations  
22 yrs exp, BNP Paribas,  
Commerz Bank AG



**Manoj Shenoy**  
CE - Wealth Management &  
Group Head – CSR  
28 yrs exp, EFG Wealth Mgmt,  
Anand Rathi



**Sachinn Joshi**  
Group CFO  
28 yrs exp, Aditya Birla  
Financial Services, Angel Broking,  
IL&FS



**Raju Dodti**  
CE – Special Situation Group &  
Group Head – Legal and Compliance  
20 yrs exp, IDFC Ltd, ABN Amro,  
Soc Gen



**S Anantharaman**  
Chief Risk Officer &  
Head – Internal Audit  
25 yrs exp, HDFC Bank, AI Ahli  
Bank of Kuwait, SBICI



**Soumendra Nath Lahiri**  
CIO – Investment Management  
26 yrs exp, Canara Robeco Mutual  
Fund, DSP Blackrock Investment  
Managers



**Shiva Rajaraman**  
CE – L&T Infra Debt Fund  
22 yrs exp, IDFC, Dresdner Kleinwort  
Benson



**Abhishek Sharma**  
Chief Digital Officer  
15 yrs exp, Indian Army

## Deliver sustainable RoE



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