



Building to become
a comprehensive financial services player

Investor Presentation, FY15



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● L&T Finance Holdings

— Highlights

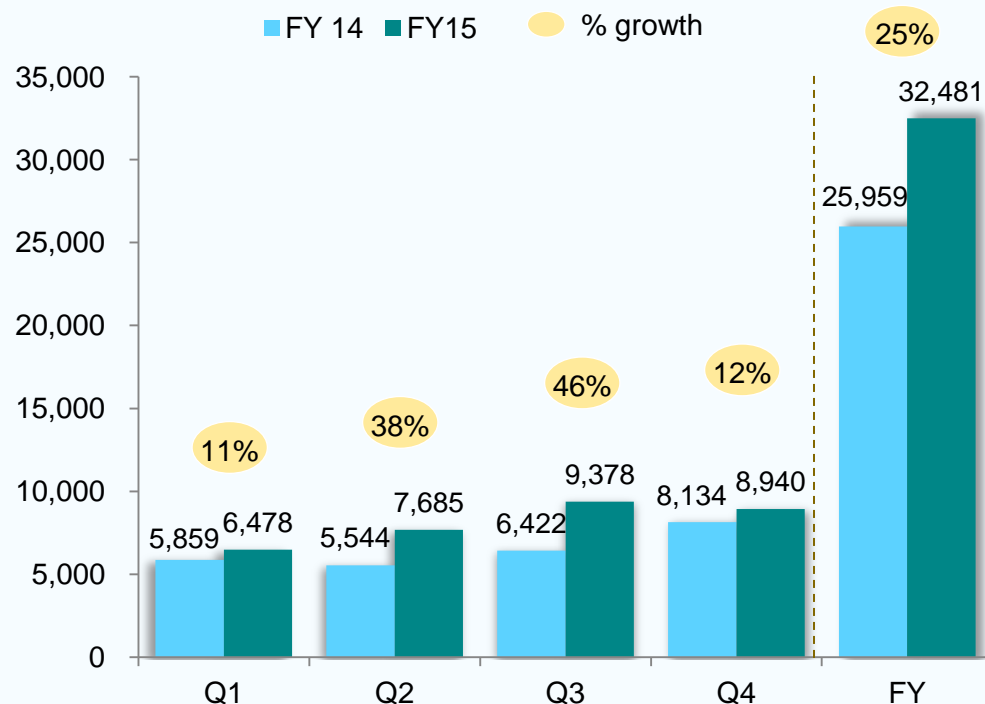
● Key Performance Highlights

● Performance And Outlook – By Business

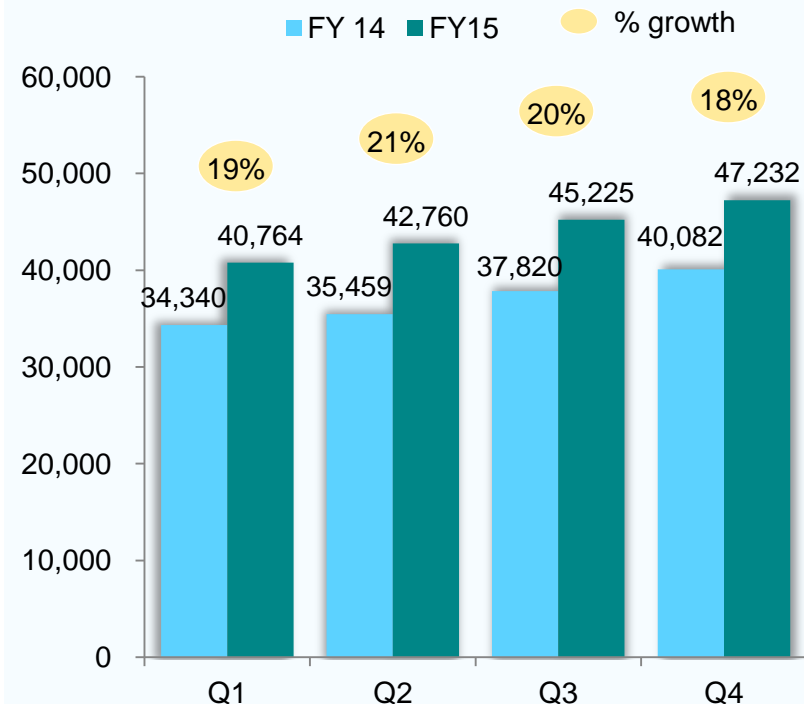
● Appendix

Stable Growth In Assets

Disbursements (Rs. Cr.)



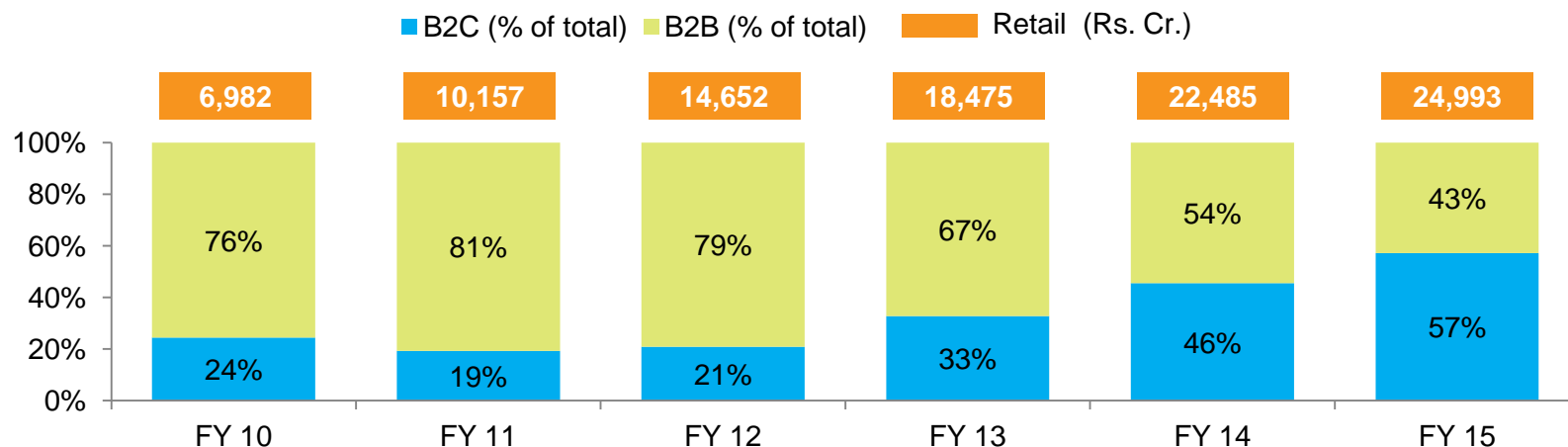
Loans & Advances (Rs. Cr.)



- Healthy growth in disbursements in our key focus segments
 - B2C products - Tractors, 2 Wheelers, Microfinance, Housing Finance and SME Finance
 - Operating projects in renewables and roads
 - Underwriting and sell down of bonds to non-infra segment

Strategic Shift Towards B2C Products In Retail Finance

Composition Of The Loan Book By Product Segment

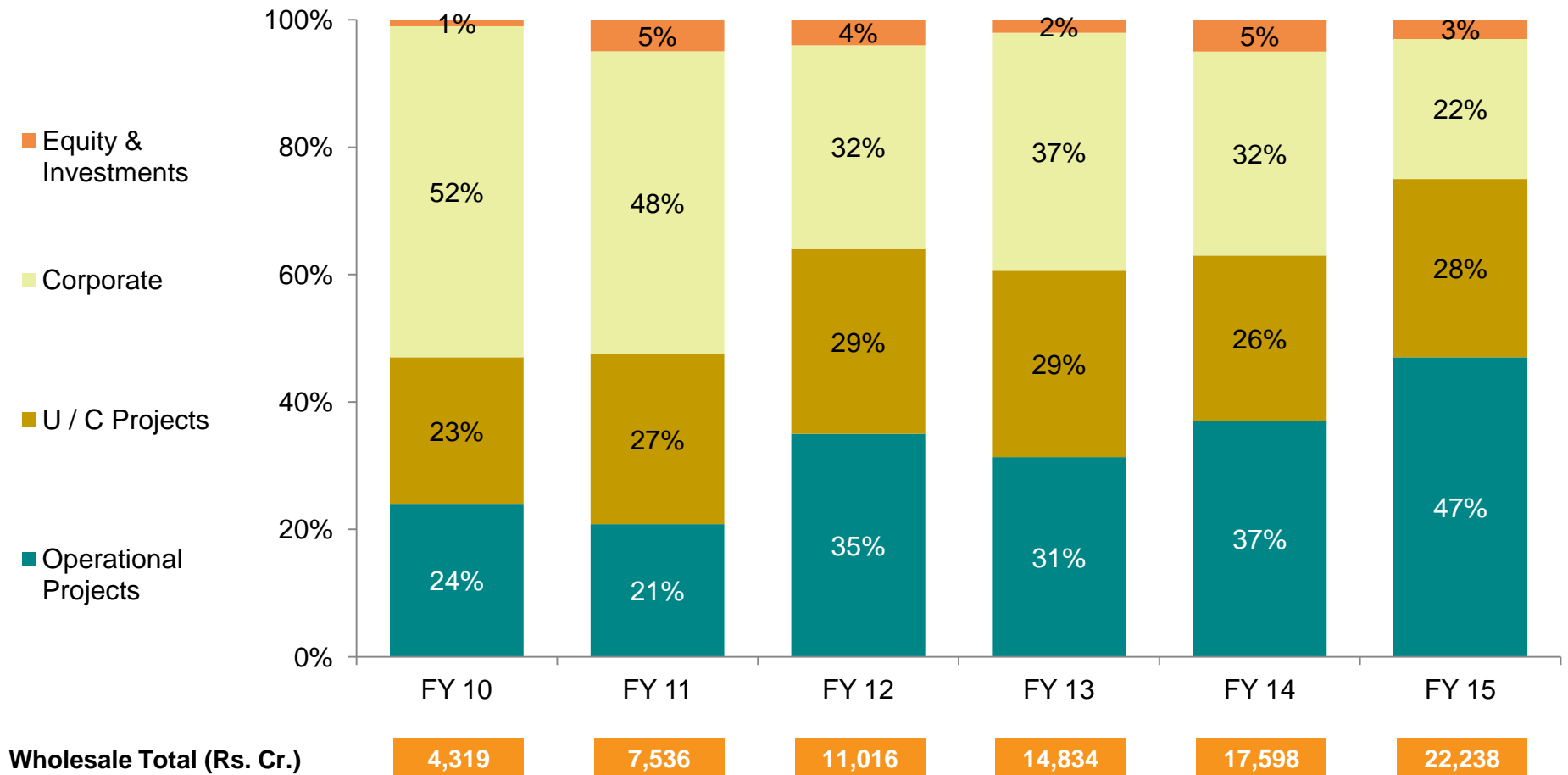


Product Segment	FY10	FY11	FY12	FY13	FY14	FY15
B2C						
Rural Products Finance	17%	16%	19%	19%	23%	25%
Personal Vehicle Finance	0%	1%	0%	11%	12%	11%
Microfinance	7%	3%	1%	1%	2%	4%
Housing Finance	0%	0%	0%	2%	9%	17%
B2B						
Supply Chain Finance	5%	4%	6%	6%	5%	7%
Mid-Market	31%	36%	36%	34%	34%	28%
CE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

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

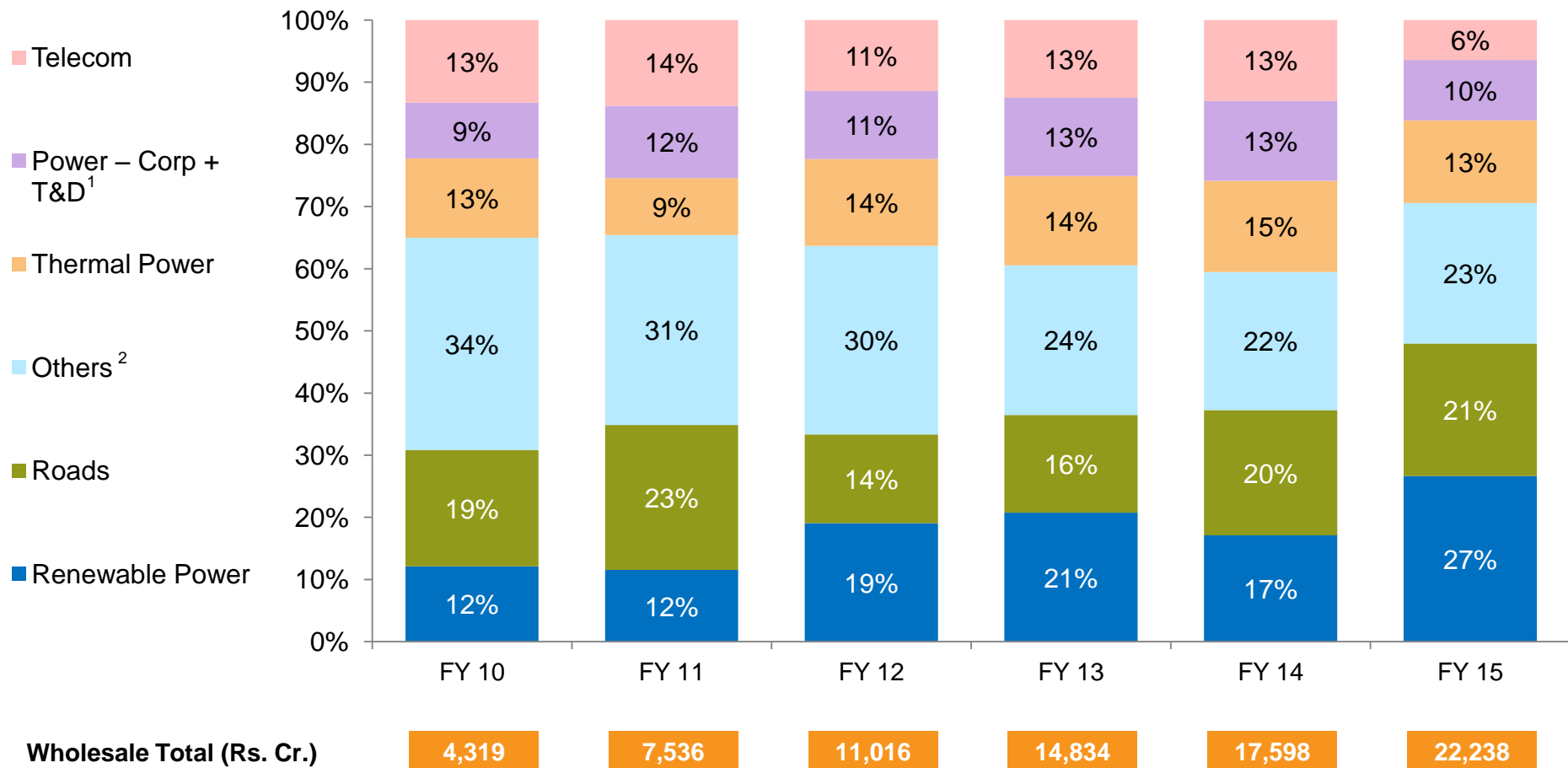
Wholesale Business – Focus on Operational Projects

Composition Of The Loan Book



Wholesale Business – Leading financier for Renewable & Road Sectors

Composition Of The Loan Book

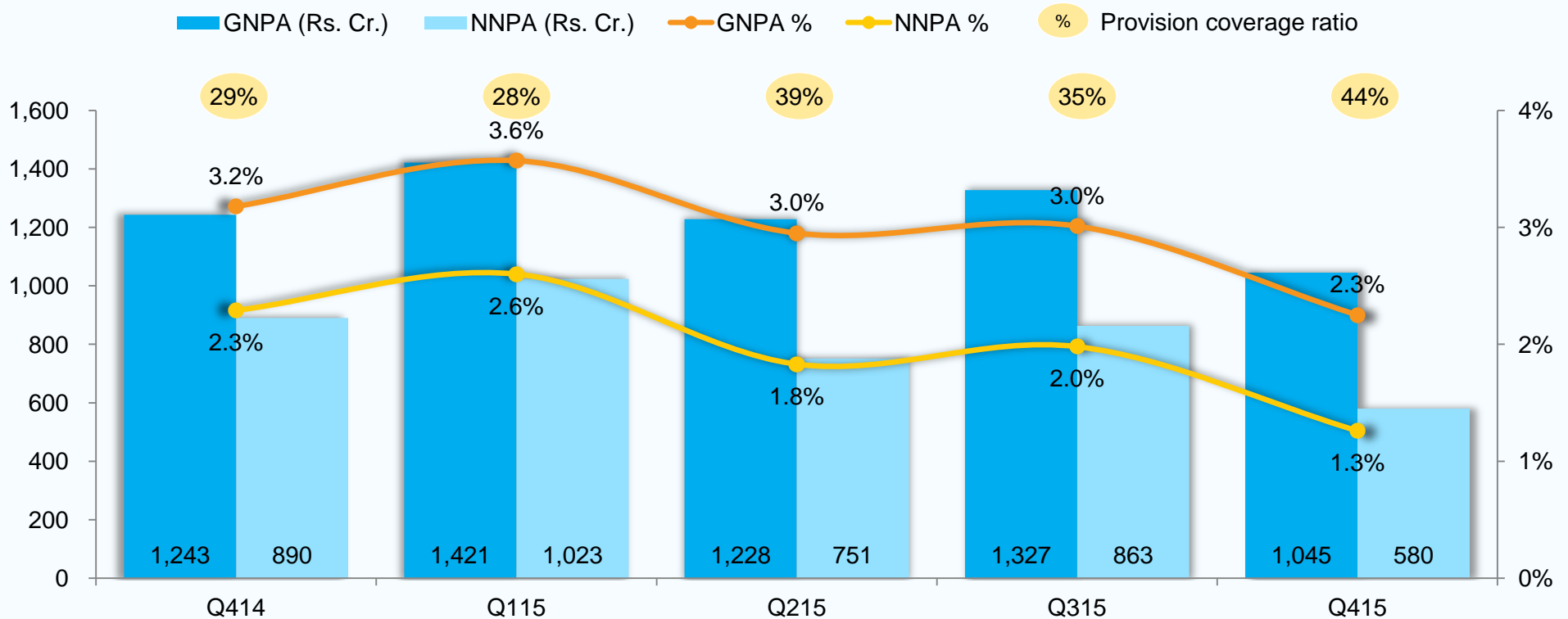


¹ Corporate loans to Power companies

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.

Improved Asset Quality & Stronger Balance Sheet

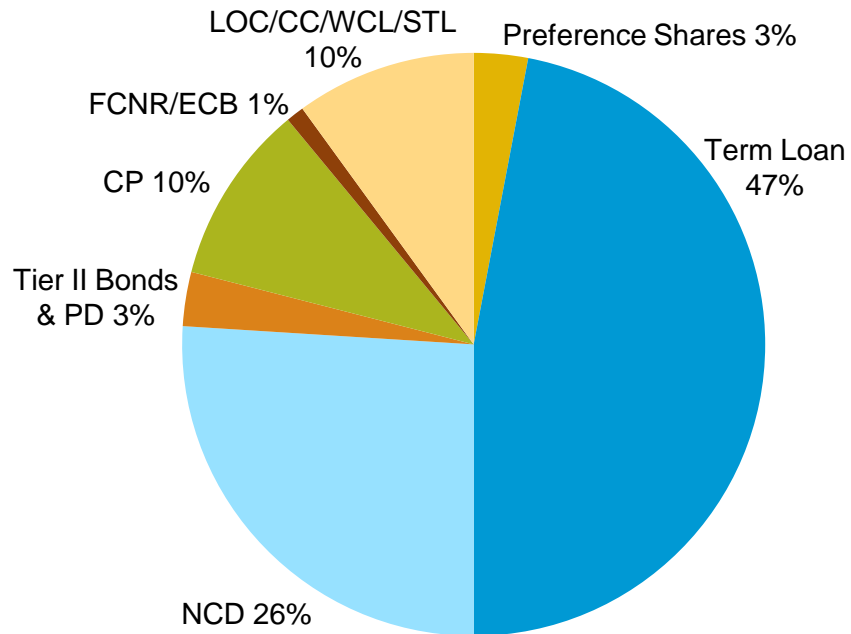
Asset Quality Indicators



- Reduction in GNPA in Q4 due to robust collections and sale to ARC of Rs. 159 Cr.
- Provision coverage ratio for NPAs at 44% from 28% in Q4FY15
- Provisions in excess of RBI norms at ~Rs. 230 Cr. with repo assets of Rs. 22 Cr.
- Overall asset quality (including net RSA and net SRs) has improved from 5.09% in FY14 to 4.40% in FY15

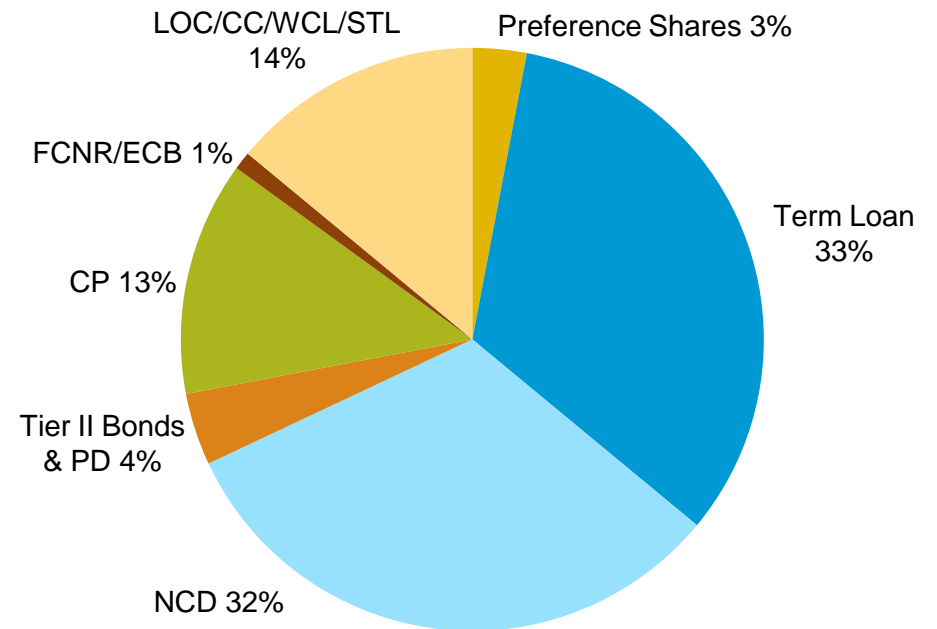
Effective Liability Management

FY 2014



Rs. 36,854 Cr.

FY 2015

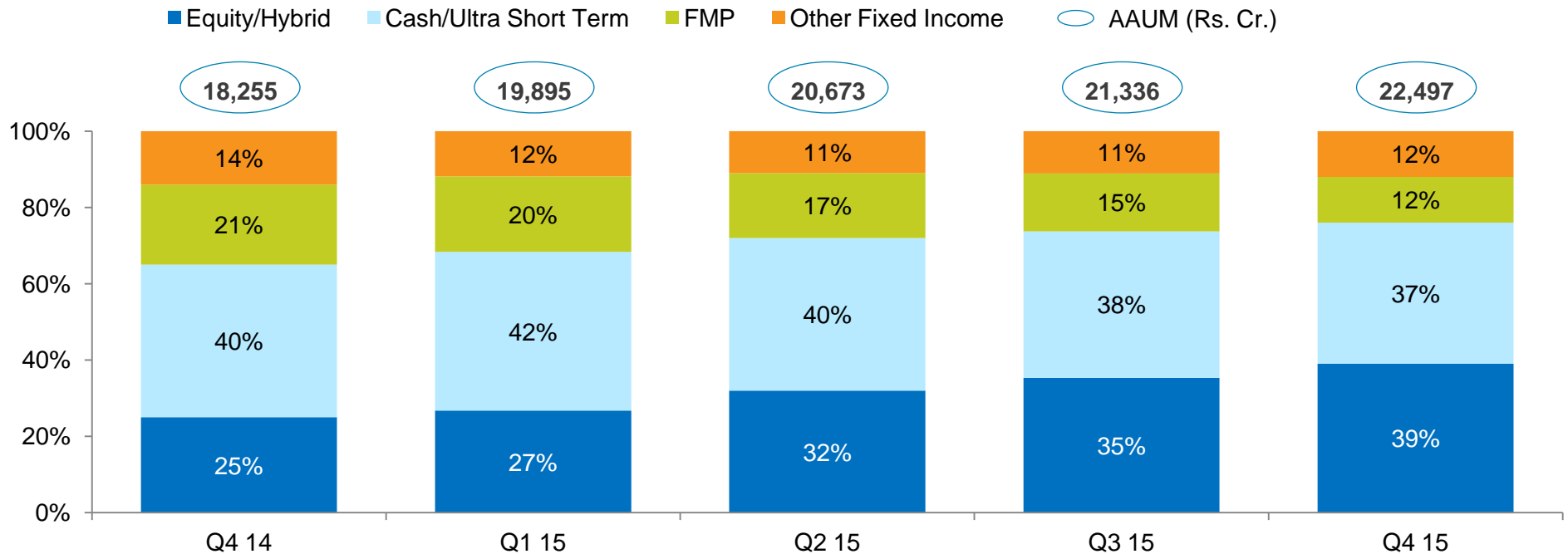


Rs. 43,454 Cr.

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

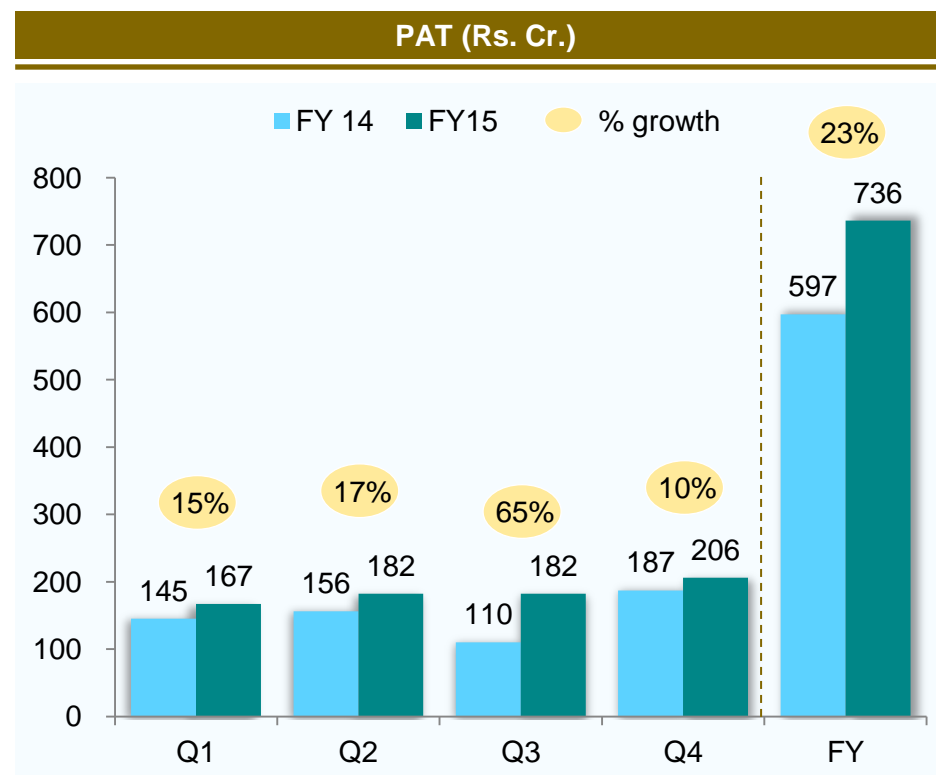
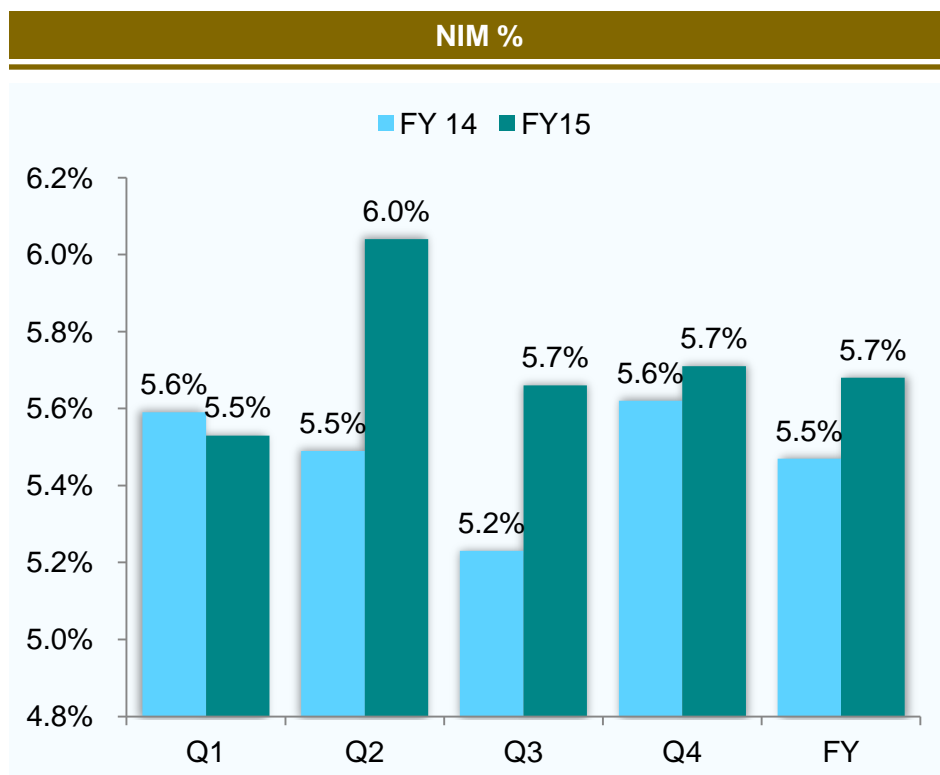
Smart Growth in Equity Assets in Investment Management

AAUM Composition



- Average AUM at ~Rs. 22,500 Cr. represents a 23% increase on a Y-o-Y basis
 - Equity AAUM grows by 78% on a Y-o-Y basis to reach Rs 8,774 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 With Accelerated Provisioning



- Profit (before exceptional items) grows by 23% Y-o-Y after acceleration of Rs. 96 Cr. of provisions in Q4FY15
 - SAP increased to 30 bps from 25 bps, income reversal recognized on 150 – 180 DPD assets
 - Voluntary provisions against select stressed accounts
- DTA of Rs 23 Cr against carry forward MAT credits accounted in Q4FY15
- Accelerated provisions impact RoE by ~70 bps for FY15 and ~250 bps for Q4FY15

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

Summary Financial Performance – Key Operating Entities

Financial Highlights							Comments
Q4FY14	FY14	Rs. Crores	Q3FY15	Q4FY15	FY15	Y-o-Y	
Lending Businesses (Retail Finance, Wholesale Finance)							
40,080	40,080	Loans and Advances	45,225	47,232	47,232	18%	○ Driven by B2C segments and operational projects
8,133	25,959	Disbursements	9,378	8,940	32,480	25%	
547	1,965	NIM	623	660	2,471	26%	○ Healthy NIMs – increase in B2C assets & lower borrowing costs
423	1,471	Earnings before credit cost	497	495	1,856	26%	
162	578	Credit cost	226	244	813	41%	○ Reflect improving coverage and accelerated provisions
195	656	PAT	186	170	720	10%	
5.62%	5.47%	NIM (%)	5.66%	5.71%	5.68%	-	
3.18%	3.18%	Gross NPA (%)	3.01%	2.25%	2.25%	-	○ Collections and sale to ARCs
12.71%	11.23%	ROE (%)	11.24%	10.22%	11.07%	-	○ RoE w/o accelerated provisions – 14.06% (Q4) and 12.05% (FY15)
Investment Management							
18,255	18,255	Average AUM	21,336	22,497	22,497	23%	
4,929	4,929	- Average Equity / Hybrid AUM	7,468	8,774	8,774	78%	○ Increase in market share of equity AUM
0.9	0.5	PAT before amortization	2.4	3.3	5.3	-	

Summary Financial Performance – LTFH Consolidated

Consolidated P&L And Balance Sheet Summary

Q4FY14	FY14	Summary P&L (Rs. Cr.)	Q3FY15	Q4FY15	FY15	Y-o-Y
187	597	Consolidated PAT	182	206	855	43%
-	-	Exceptional Item*	-	-	119	-
187	597	PAT before Exceptional	182	206	736	23%
195	656	- Lending Business	186	170	720	10%
(9)	(60)	- Others	(5)	37	16	-
-	76	Preference Dividend	-	-	110	-
187	521	PAT (post preference dividend)	-	206	626	20%
0.96 &	3.03	EPS #	0.87 &	1.01 &	3.61	19%

Q4FY14	FY14	Summary BS (Rs. Cr)	Q3FY15	Q4FY15	FY15	Y-o-Y (%)
5,826	5,826	Net worth (excluding preference capital)	6,455	6,377	6,377	9%
2,969	2,969	- Retail & Mid-Market Finance	3,200	3,190	3,190	7%
303	303	- Housing Finance	326	337	337	11%
2,993	2,993	- Wholesale Finance	3,193	3,149	3,149	5%
650	650	- Others	757	774	774	19%
1,000	1,000	Preference Capital	1,363	1,363	1,363	36%
35,854	35,854	Borrowings	39,584	42,091	42,091	17%

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
Rural Products	<ul style="list-style-type: none"> Tractor sales dropped by 10% in FY15 (24% in Q4) after almost 5 years of double digit growth barring FY13 Tractor industry expected to see flat to negative growth of 4-6% during FY16 (Source: ICRA) Monsoons expected to be 93% of long term average; 35% probability of below normal rainfall (Source: IMD)
Personal Vehicles	<ul style="list-style-type: none"> 2W sales up by 8% while car sales grew by 4% during FY15 Improving customer sentiments and line-up of new models to be primary drivers for a 8-10% growth in FY16
Microfinance	<ul style="list-style-type: none"> Strong demand continues in Microfinance, however proposed small banks could intensify competition
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) Industry seeing intense competition, loans to self employed category expected to grow at faster pace
SME Finance	<ul style="list-style-type: none"> Lack of quality credit in corporate segment has led to banks intensifying competition during the year Thrust on manufacturing sector by the government expected to create new lending opportunities
Mid-Market	<ul style="list-style-type: none"> CRISIL upgraded 1,518 firms versus 902 downgrades in FY15, early signs improving corporate credit quality Pace of recovery in industrial activity and improvement in investment climate expected to be gradual. Meaningful capex is likely to take few more quarters
CE / CV	<ul style="list-style-type: none"> Green shoots observed in both Commercial Equipment and Commercial Vehicle segments While fall in diesel prices and interest rates may improve economics for CV operators, steady growth is expected to be low in the near term till revival of mining and construction sector begins

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

Retail Finance – Performance By Product

Disbursements						
Q4FY14	FY14	Segments (Rs. Cr.)	Q3FY15	Q4FY15	FY15	Y-o-Y (%)
1,102	4,243	Rural Products Finance	1,269	1,066	4,431	4%
506	1,966	Personal Vehicle Finance	478	491	1,920	-2%
212	606	Microfinance	317	424	1,178	94%
411	1,245	Housing Finance*	673	1,072	2,801	125%
1,506	5,381	Supply Chain Finance	1,588	2,227	6,429	19%
1,599	4,461	Mid-Market Finance	836	965	3,431	(23%)
195	1,288	CE / CV Finance	58	52	317	(75%)
5,532	19,193	Total	5,219	6,297	20,506	7%
Loans & Advances						
Q4FY14	FY14 (%)	Segments (Rs. Cr.)	Q3FY15	Q4FY15	FY15 (%)	Y-o-Y (%)
5,088	23%	Rural Products Finance	5,985	6,286	25%	24%
2,638	12%	Personal Vehicle Finance	2,818	2,847	11%	8%
414	2%	Microfinance	675	916	4%	121%
2,092	9%	Housing Finance*	3,349	4,258	17%	104%
1,172	5%	Supply Chain Finance	1,373	1,754	7%	50%
7,543	34%	Mid-Market Finance	6,950	6,928	28%	(8%)
3,538	16%	CE / CV Finance	2,415	2,004	8%	(43%)
22,485	100%	Total	23,566	24,993	100%	11%
Disbursements grew by 11% while loan book increased by 21% (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

Q4FY14	FY14	Summary P&L (Rs. Cr.)	Q3FY15	Q4FY15	FY15	Y-o-Y (%)
762	2,838	Interest Income	819	792	3,216	13%
427	1,631	Interest Expense	417	403	1,688	3%
334	1,207	NIM	402	389	1,529	27%
22	51	Fee Income	35	16	75	47%
147	519	Operating Expense	162	167	628	21%
209	739	Earnings before credit cost	275	238	975	32%
91	335	Credit Cost	126	102	445	33%
94	300	PAT	98	92	359	20%

Comments

- Lower credit cost even with Rs. 48 Cr. of accelerated provisions
- SAP increased to 30 bps
- Income reversal on assets in 150 -180 DPD bucket
- Voluntary provisions for select accounts

Asset Quality Metrics

Q4FY14	FY14	Asset Quality Metrics (Rs. Cr)	Q3FY15	Q4FY15	FY15	Y-o-Y (%)
696	696	Gross NPA	796	625	625	-10%
447	447	Net NPAs	457	288	288	-36%
3.42%	3.42%	Gross NPA (%)	3.90%	2.99%	2.99%	- 0.43%
2.22%	2.22%	Net NPA (%)	2.27%	1.40%	1.40%	- 0.82%
36%	36%	Provision Coverage Ratio	43%	54%	54%	18%

- Asset quality improves across product segments aided by robust collections
- As of March 2015, provision over RBI norms is Rs. 169 Cr.

Retail Finance – Key ratios

(Excluding Housing Finance Company)

Key Ratios And Balance Sheet Summary					
Q4FY14	FY14	Key Ratios	Q3FY15	Q4FY15	FY15
15.15%	14.70%	Yield	15.87%	15.18%	15.53%
9.93%	10.02%	Cost of Funds	9.50%	9.13%	9.52%
6.65%	6.30%	Net Interest Margin	7.79%	7.46%	7.38%
0.43%	0.26%	Fee Income	0.68%	0.30%	0.36%
2.92%	2.71%	Operating Expenses	3.14%	3.19%	3.03%
4.16%	3.86%	Earnings before credit cost	5.34%	4.57%	4.71%
1.81%	1.75%	Credit Cost	2.44%	1.96%	2.15%
12.83%	10.50%	Return on Equity	12.48%	11.47%	11.57%
1.77%	1.48%	Return on Assets	1.80%	1.67%	1.63%
5.97	5.97	Gearing	5.42	5.64	5.64
14.28%	14.28%	CRAR (Tier 1)	15.27%	14.90%	14.90%
2.28%	2.28%	CRAR (Tier 2)	2.64%	2.69%	2.69%
16.56%	16.56%	CRAR (Total)	17.91%	17.59%	17.59%
Q4FY14	FY14	Summary Balance Sheet (Rs. Cr.)	Q3FY15	Q4FY15	FY15
20,602	20,602	Gross Loans & Advances	20,619	21,133	21,133
17,737	17,737	Borrowings	17,336	17,984	17,984
2,969	2,969	Networth	3,200	3,190	3,190

Comments

- NIMs remain strong after discounting one offs; increase in high yield assets and improved borrowing costs
- Structured corporate deals and subvention income
- Credit costs w/o accelerated provisions - 1.04% (Q4) and 1.97% (FY15)
- RoE w/o accelerated provisions - 15.36% (Q4) , 12.57% (FY15)

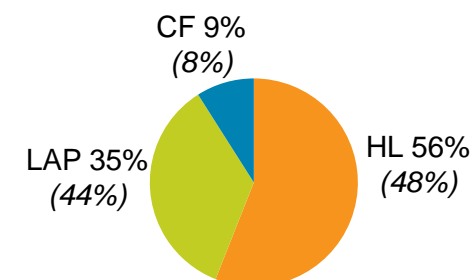
Housing Finance Company

Summary Of P&L, Balance Sheet And Key Ratios					
FY14	Summary P&L (Rs. Cr.)	FY15	FY14	Key Ratios	FY15
124	Interest Income	332	12.20%	Yield	12.50%
70	Interest Expense	206	8.79%	Cost of Funds	8.80%
54	NIM	125	5.28%	Net Interest Margin	4.73%
25	Fee / Other Income	31	2.40%	Fee / Other Income	1.16%
52	Operating Expense	86	5.14%	Operating Expenses	3.24%
26	Earnings before credit cost	70	3.86%	Earnings before credit cost	4.71%
11	Credit Cost	17	1.06%	Credit Cost	0.63%
10	PAT	35	3.80%	Return on Equity	10.99%
1,245	Disbursements	2,511	0.87%	Return on Assets	1.22%
			5.48	Gearing	10.03
1,882	Gross Loans & Advances	3,860	1.22%	Gross NPA %	0.93%
1,660	Borrowings	3,383	0.96%	Net NPA %	0.67%
303	Networth	337	16.29%	CRAR (Tier 1)	9.73%
23	Gross NPAs	36	0.50%	CRAR (Tier 2)	3.48%
18	Net NPAs	26	16.79%	CRAR (Total)	13.28%

Comments

- Strong growth in disbursements, especially in home loan segment leads to doubling of loan book
- Gearing improvement to 10.0x indicates optimum utilization of net-worth
- Improvement in asset quality led by decrease in GNPA in both organic and inorganic portfolio
- Recoveries on the write offs in the inorganic portfolio higher than estimated

Loan Book Mix – FY15



Note: Figures in brackets represent FY14 mix

Significant growth witnessed within 2 years of entry, trajectory of returns in line with the business plan

Wholesale Finance – Market Scenario And Outlook

Segment	Market Scenario & Outlook
Renewable Energy	<ul style="list-style-type: none"> ○ Expected to be the central theme driving greenfield project capital expenditure in FY16 ○ Rate of annual capacity addition expected to pick up gradually going forward due to– <ul style="list-style-type: none"> • Higher capacity addition target of 4,460 MW for FY16 in Union Budget • Proactive measures expected to be taken by central and state governments ○ Financing renewable energy sector expected to see increased participation from Banks
Roads	<ul style="list-style-type: none"> ○ Increased order flow from NHAI under EPC / hybrid model expected - financial closure risks to be addressed ○ Structural reforms initiated for revision of concession agreements and dispute resolution mechanism ○ Resolution of issues in stalled projects and commencement of payment flows from NHAI key expectation
Thermal Power	<ul style="list-style-type: none"> ○ Potential cost overrun funding opportunities with respect to greenfield projects under implementation ○ Increased coal production by CIL and completion of coal auction process positive, aggressive bidding a risk ○ Resolution of domestic gas availability and pricing required to re-start stalled projects ○ Discom's power procurement bids to remain lower than untied capacity – distribution reforms a key expectation
Others	<ul style="list-style-type: none"> ○ Refinance opportunities expected in PPP port projects ○ Limited growth expected in infra-allied manufacturing sectors due to cyclical and operational issues ○ EPC sector revival continues to lag expectations

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

Wholesale Finance – Asset Volumes, By Product

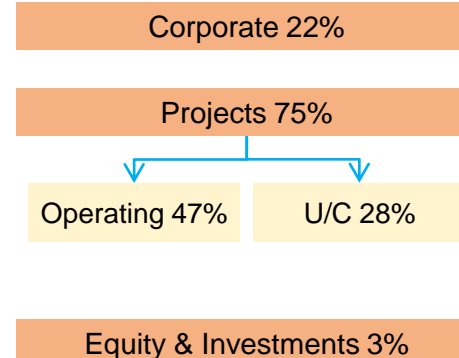
Disbursements

Q4FY14	FY14	Sectors (Rs. Cr.)	Q3FY15	Q4FY15	FY15	Y-o-Y (%)
438	1,073	Renewable Power	1,269	1,185	4,014	274%
450	1,604	Roads	581	668	1,976	23%
697	1,832	Others ¹	1,250	491	3,544	93%
250	799	Power – Thermal	351	141	858	7%
229	877	Power – Corp ² + T&D	513	32	1,004	14%
537	580	Telecom	197	125	580	0%
2,602	6,767	Total	4,160	2,643	11,975	77%

Loans & Advances

Q4FY14	Q4FY15 (%)	Sectors (Rs. Cr.)	Q3FY15	Q4FY15	Q4FY15 (%)	Y-o-Y (%)
3,009	17%	Renewable Power	4,865	5,931	27%	97%
3,549	20%	Roads	4,519	4,736	21%	33%
3,904	22%	Others ¹	5,447	5,022	23%	29%
2,586	15%	Power – Thermal	3,009	2,960	13%	14%
2,261	13%	Power – Corp ² + T&D	2,514	2,161	10%	-4%
2,289	13%	Telecom	1,306	1,427	6%	-38%
17,598	100%	Total	21,659	22,239	100%	26%

Portfolio Break Up



- Top 10 borrowers represent 18% of the outstanding
- Top 10 borrower groups form 27% of the outstanding

Focus on operating projects – proportion increases to 47%, while 54% of FY15 disbursements were to operating projects

¹ 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.

² Corporate loans to Power companies

Wholesale Finance – Summary Financials

P&L Summary

Q4FY14	FY14	Summary P&L (Rs. Cr.)	Q3FY15	Q4FY15	FY15	Y-o-Y
527	1,984	Interest Income	595	681	2,407	21%
338	1,282	Interest Expense	405	446	1,591	24%
189	703	NIM	191	235	817	16%
24	36	Fee Income	34	18	68	92%
13	69	Other Income	12	12	32	-53%
26	101	Operating Expense	29	27	108	7%
200	706	Earnings before credit cost	207	238	810	15%
67	232	Credit Cost	95	141	351	51%
94	347	PAT	81	67	326	-6%

Asset Quality Metrics

Q4FY14	FY14	Asset Quality Metrics (Rs. Cr.)	Q3FY15	Q4FY15	FY15	Y-o-Y (%)
524	524	Gross NPAs	484	384	384	-27%
425	425	Net NPAs	372	269	269	-37%
3.10%	3.10%	Gross NPA %	2.30%	1.78%	1.78%	-1.32%
2.53%	2.53%	Net NPA %	1.78%	1.25%	1.25%	-1.28%
19%	19%	Provision Coverage Ratio	23%	30%	30%	11%
6.80%	6.80%	Net RSA %	5.53%	5.52%	5.52%	-1.28%
0.60%	0.60%	Net SR %	0.80%	0.94%	0.94%	0.34%

Comments

○ Strong fee income led by FAS in the renewable sector and closure of certain large ticket transactions

○ Credit cost includes accelerated provisions of Rs. 48 Cr. on certain stressed assets

○ 2 assets of net book value Rs. 159 Cr. sold at Rs. 41 Cr. in Q4, loss to be amortized equally over 8 quarters

○ As of March 2015, the provision over RBI norms stands at Rs. 56 Cr.

Wholesale Finance – Key Ratios

Key Ratios And Balance Sheet summary						Comments
Q4FY14	FY14	Key Ratios	Q3FY15	Q4FY15	FY15	
12.31%	12.37%	Yield	11.52%	12.41%	12.13%	○ NIMs remain steady for FY15 despite rise in gearing and higher share of operating projects
9.36%	9.51%	Cost of Funds	9.02%	9.24%	9.23%	
4.41%	4.38%	Net Interest Margin	3.69%	4.28%	4.12%	
0.57%	0.22%	Fee Income	0.65%	0.32%	0.34%	○ Stable opex despite CSR expenses in FY15
0.30%	0.43%	Other Income	0.23%	0.23%	0.16%	
0.62%	0.63%	Operating Expenses	0.56%	0.49%	0.54%	
4.66%	4.40%	Earnings before credit cost	4.01%	4.34%	4.08%	○ Credit cost w/o accelerated provision – 1.69% (Q4), 1.5% (FY15)
1.56%	1.45%	Credit Cost	1.84%	2.56%	1.77%	
12.72%	12.72%	Return on Equity	10.17%	8.40%	10.43%	○ RoE w/o accelerated provision – 17.09% (Q4) and 11.52% (FY15)
2.02%	2.01%	Return on Assets	1.41%	1.10%	1.48%	
5.25	5.25	Gearing	6.09	6.43	6.43	
15.83%	15.83%	CRAR (Tier 1)	13.60%	13.07%	13.07%	
17.80%	17.80%	CRAR (Total)	16.26%	17.49%	17.49%	

Q4FY14	FY14	Summary BS (Rs. Cr.)	Q3FY15	Q4FY15	FY15
17,598	17,598	Gross Loans & Advances	21,659	22,239	22,239
15,703	15,703	Borrowings	19,450	20,247	20,247
2,993	2,993	Networth	3,193	3,149	3,149

Credit costs include provisions, write offs, foreclosure losses, interest provisions/reversals
FAS – Financial Advisory Services, CSR – Corporate Social Responsibility

Investment Management

Industry update

- Industry average assets increased by 31% to Rs. 11,88,690 Cr. in Q4FY15 from Rs. 9,04,538 Cr. in Q4FY14 and by 8% from Rs. 11,05,690 Cr. in Q3FY15 based on the quarterly AAUM
- Equity assets increased with market movement and improved gross and net sales
- Flows coming back to core fixed income category on back of rate cuts
- FMPs continue to be impacted with 2014 budget announcement on capital gains

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 25+ funds across asset classes, risk profiles and time horizons

Q4FY14	AAUM Composition	Q3FY15	Q4FY15	AAUM (Rs. Cr.)
25%	Equity/Hybrid	35%	39%	8,774
40%	Cash/Ultra Short Term	38%	37%	8,324
21%	FMP	15%	12%	2,700
14%	Other Fixed Income	11%	12%	2,700

AAUM (Rs. Cr.)	Q3FY15	Q4FY15	% growth
Industry	1,105,690	1,188,690	8%
L&T MF	21,336	22,497	5%

Investment Management – Performance Overview

Key Highlights

- Rank based on AAUM improved to 13 this quarter
- Improved equity mix led by higher inflows during the year and the quarter
- Launched 2 innovative products during the year –
 - L&T Business Cycles Fund (largest contributor to net sales) - AUM grew from ~Rs. 380 Cr. (NFO) to ~Rs. 1,200 Cr.
 - L&T Resurgent India Corporate Bond Fund with AUM of ~Rs. 220 Cr.
- FMPs impacted by 2014 budget announcements, core fixed income category begin to see fund flows led by rate cuts
- Good and consistent fund performance across categories

Q4FY14	FY14	Parameter (Rs. Cr.)	Q3FY15	Q4FY15	FY15	Y-o-Y
25.4	91.0	Operating Revenue	34.0	42.2	131.7	48%
24.0	90.5	Opex	31.6	38.9	126.4	40%
1.3	0.5	PAT(before amortization)	2.4	3.3	5.3	-
18,255	18,255	Average AUM ¹	21,336	22,497	22,497	23%
0.54%	0.54%	Management Fees/AUM	0.62%	0.60%	0.60%	-
0.03%	0.00%	Net Margin (before amortization)	0.04%	0.06%	0.03%	-

AMC business begins to contribute 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

Q1 FY16 Strategy

- ✓ 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

Q4FY14	Parameters	Q3FY15	Q4FY15
5,019	AAUS (Rs. Cr.) *	6,274	6,967
~1,900	No of clients	~2,700	~3,000

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"> Enhanced to 30 bps as of Mar, 2015 – Rs. 9.2 Cr. Impact in FY16 only on incremental assets 	<ul style="list-style-type: none"> Provisions are already at 36 bps in L&T Infra Fin. L&T Fincorp - enhanced to 30 bps – impact Rs.1.4 Cr. FY16 impact only on incremental assets
B. NPA at 150 days DPD	Income reversal	<ul style="list-style-type: none"> Provided on 150+ DPD accounts as of Mar, 2015 – impact Rs. 23.2 Cr. FY16 impact only on incremental NPAs 	<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 - tractors, 2W, microfinance and housing finance 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"> Trend of improvement in asset quality to continue but for seasonality impacts Effective management of transitioning to 150 DPD 	<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 to improving 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

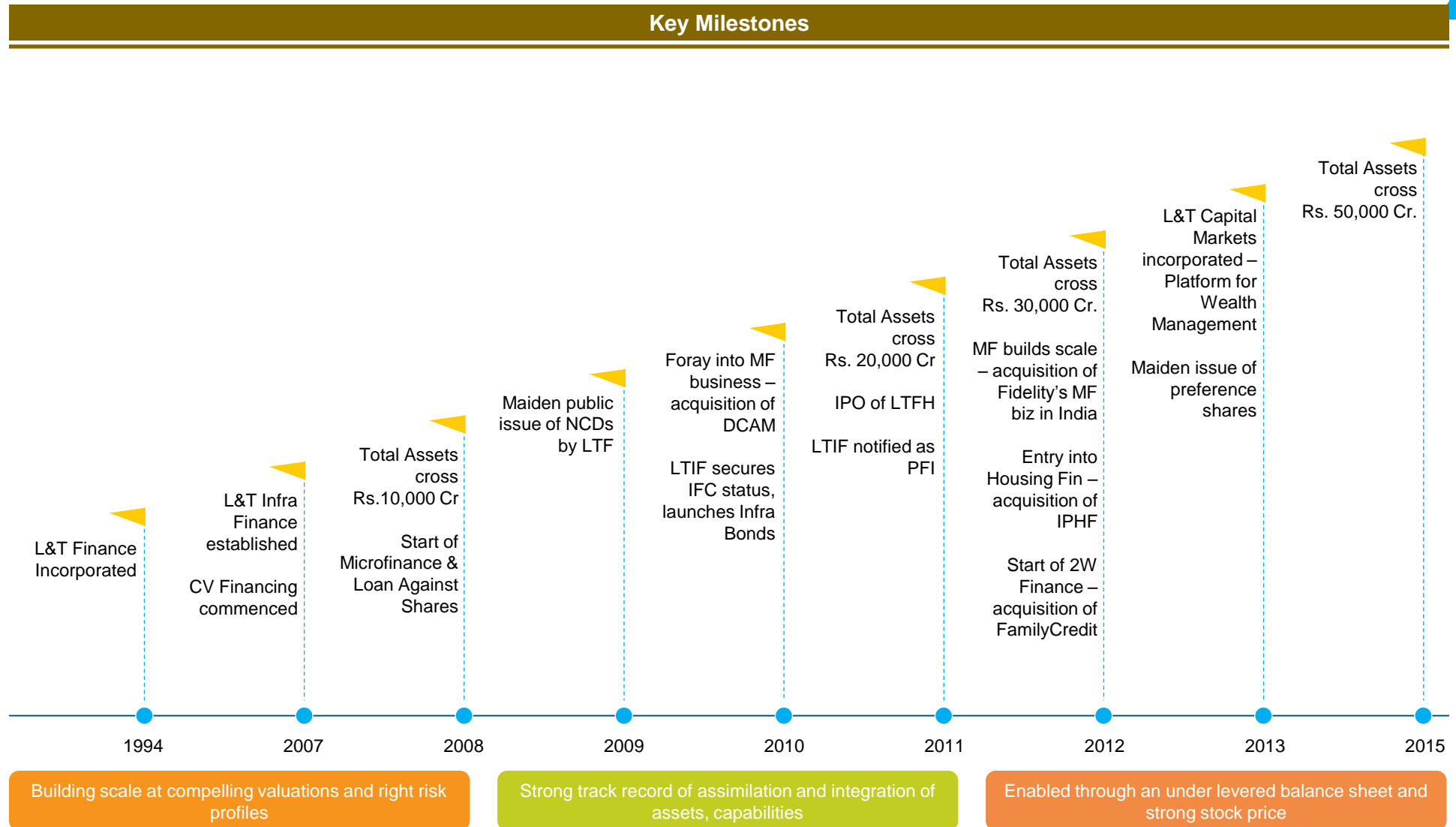
- L&T Finance Holdings
 - Highlights
- Key Performance Highlights
- Performance And Outlook – By Business
- **Appendix**

Collectively, A Comprehensive Product Suite Across Three Lines Of Business



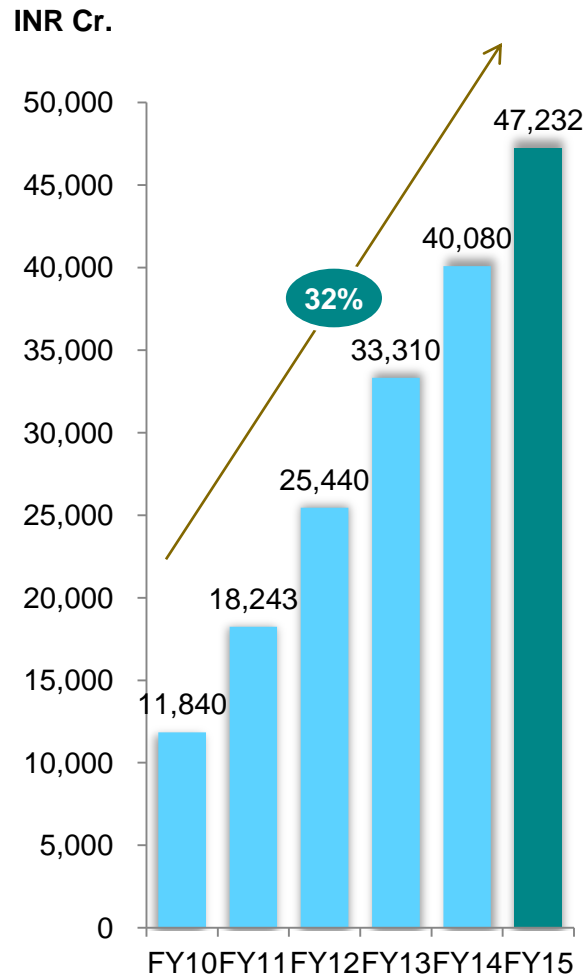
	Retail Finance	Wholesale Finance	Asset Management
Business lines and products	<ul style="list-style-type: none"> ▶ B2C Products <ul style="list-style-type: none"> ○ Rural Products Finance ○ Personal Vehicle Finance ○ Housing Finance ○ Micro Finance ▶ B2B Products <ul style="list-style-type: none"> ○ 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

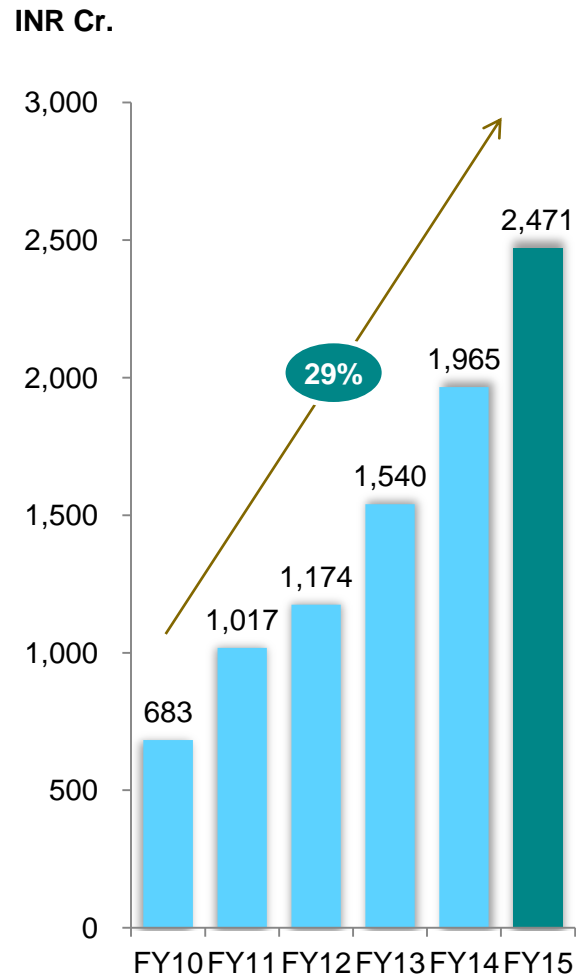


Consistent And Robust Growth Trajectory

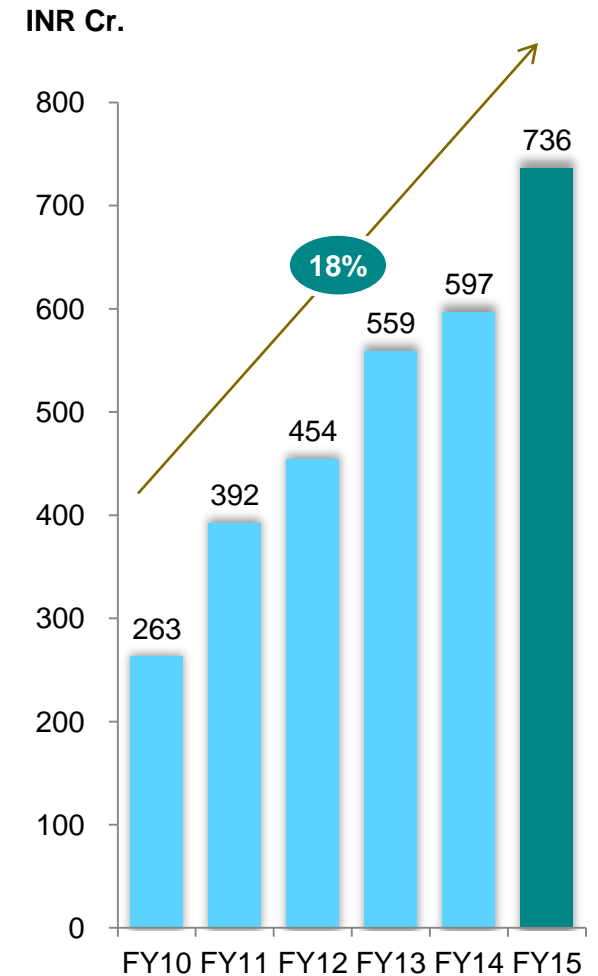
Loans & Advances



Net Interest Margin



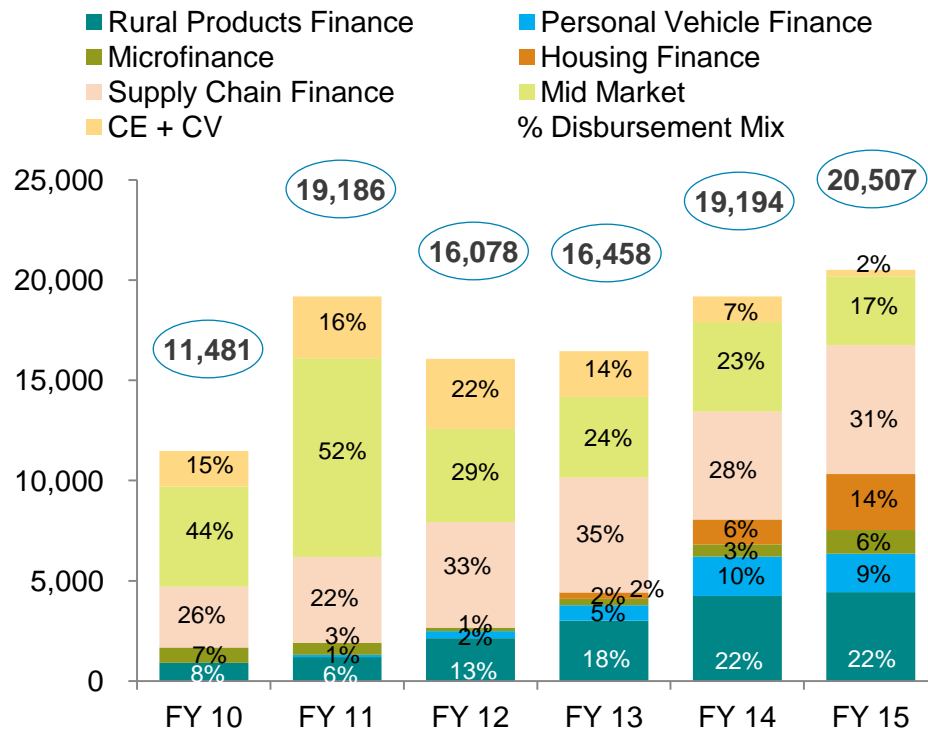
PAT



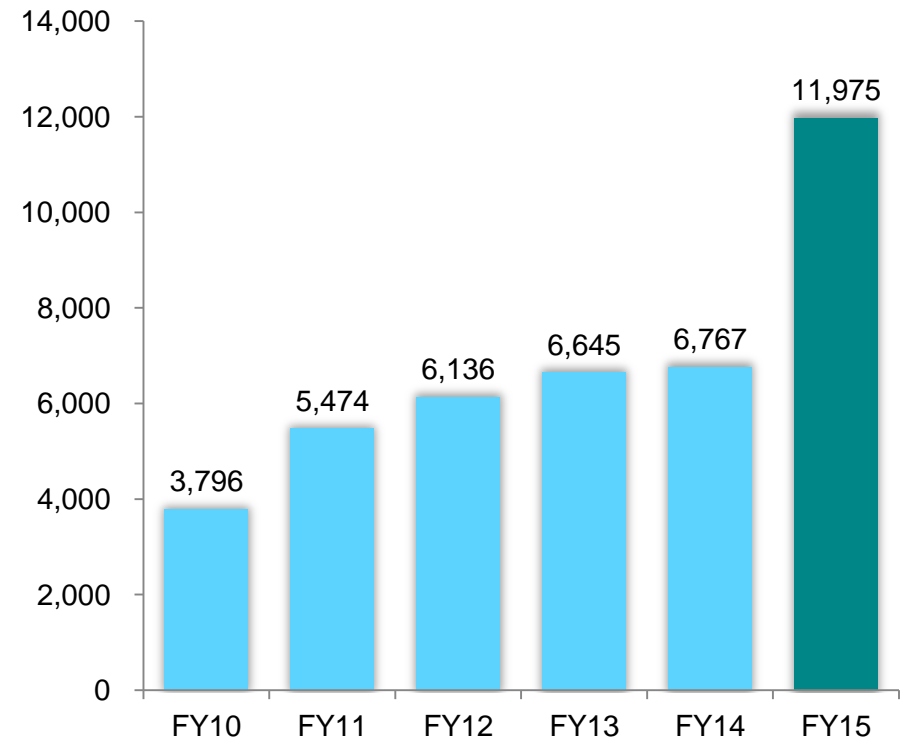
CAGR FY10 – FY15

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*

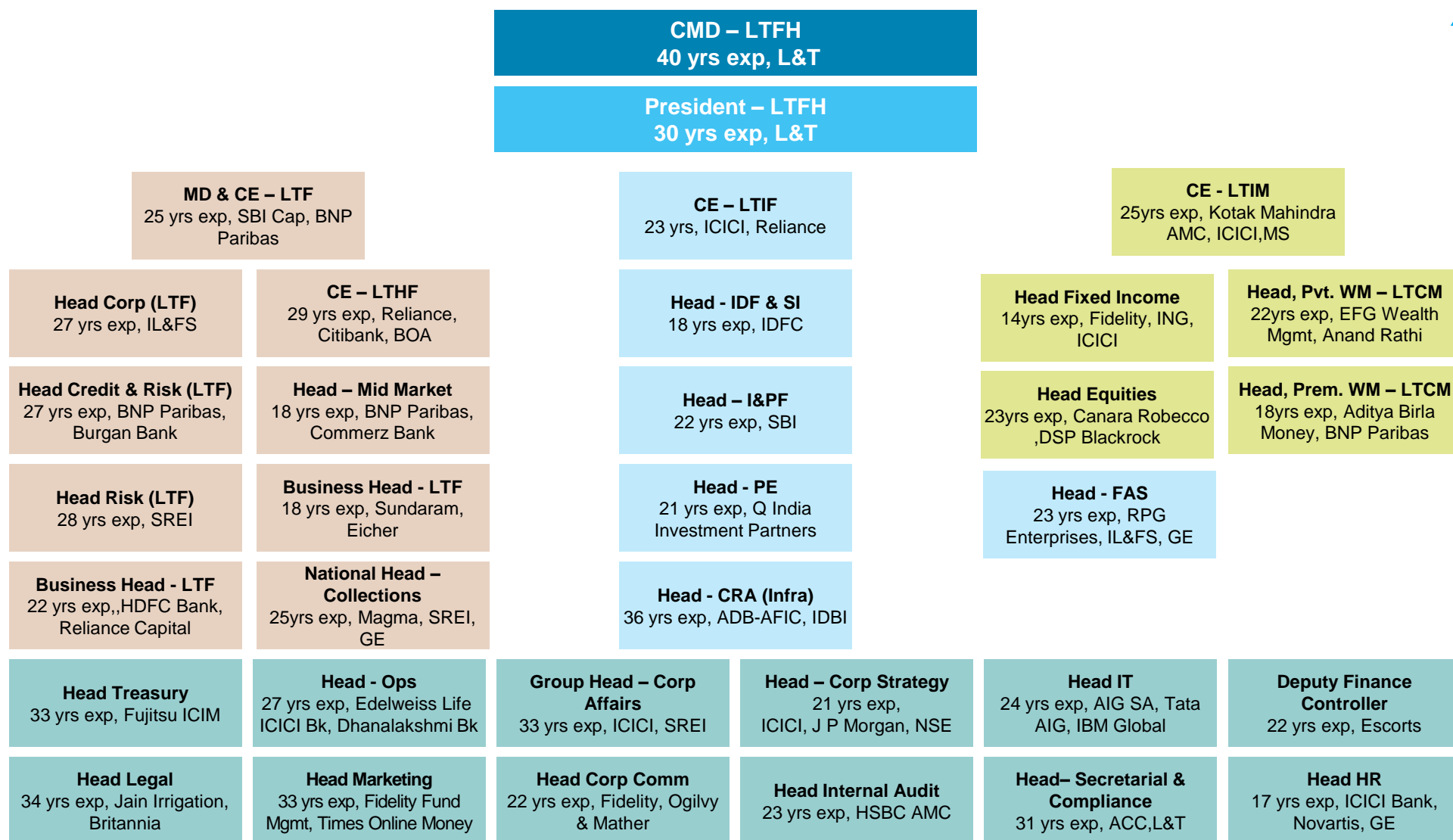
- CA, Cost Accountant, and a Certified Internal Auditor
- Masters in Management Studies from Uni. of Mumbai
- Managing Partner, Haribhakti & Co



K. Rao, *Independent Director*

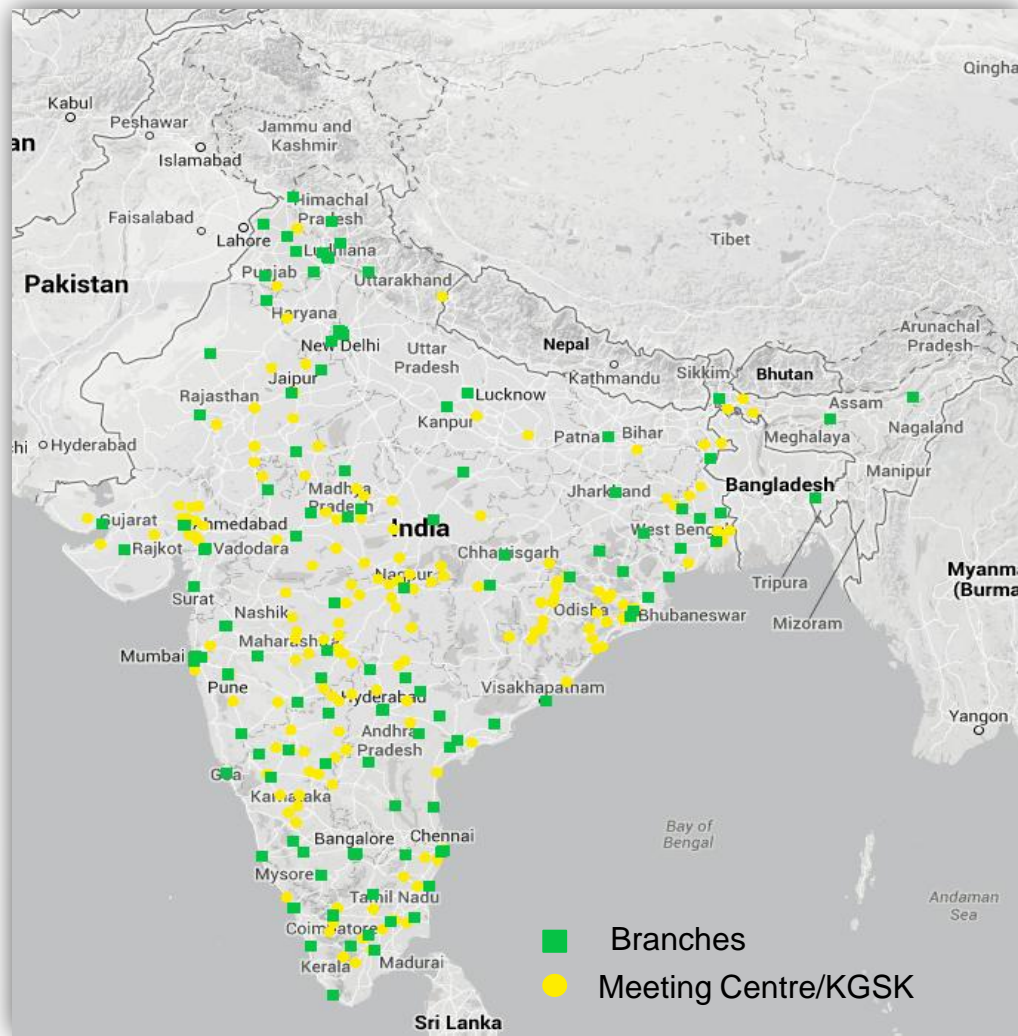
- B.A. from Harvard and MBA from UPenn
- Chartered Financial Analyst (CFA)
- 15+ years of experience as an investment professional with the Capital Group

... 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

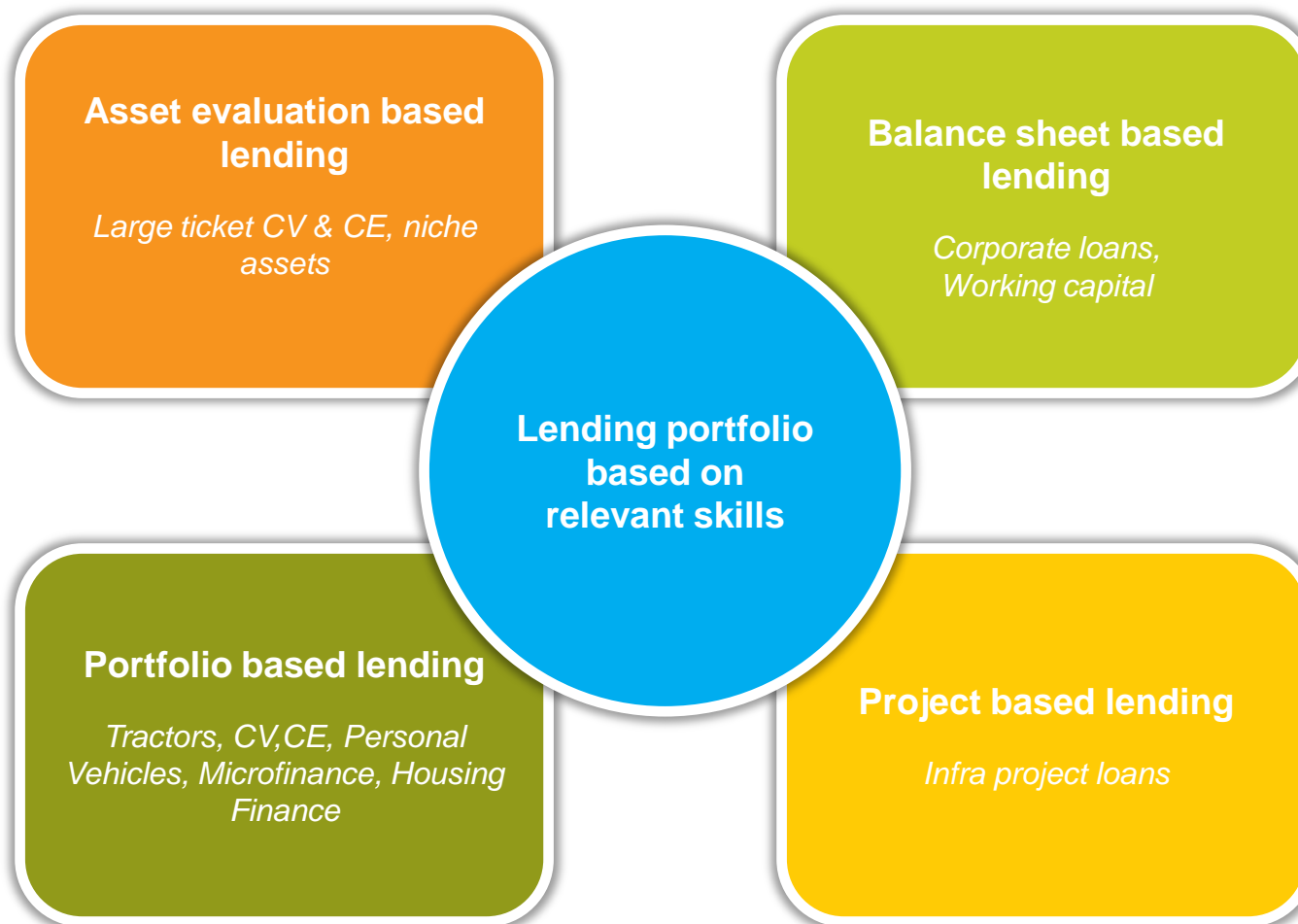
- Presence in **24 out of 29 states**
- 6 branches in North Eastern states
- Rural areas covered extensively by Meeting Centres and *Kisan Gaurav Seva Kendras (KGSK)*

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 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	<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

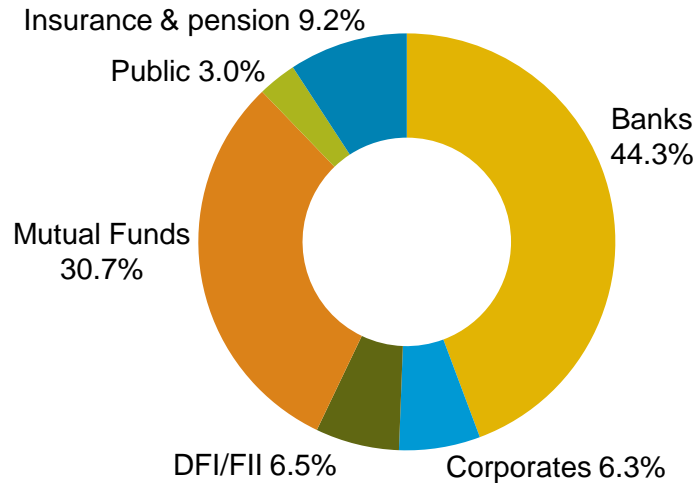
The boards at LTFH level and at the material subsidiary level have constituted the following committees to oversee specific areas:

- 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

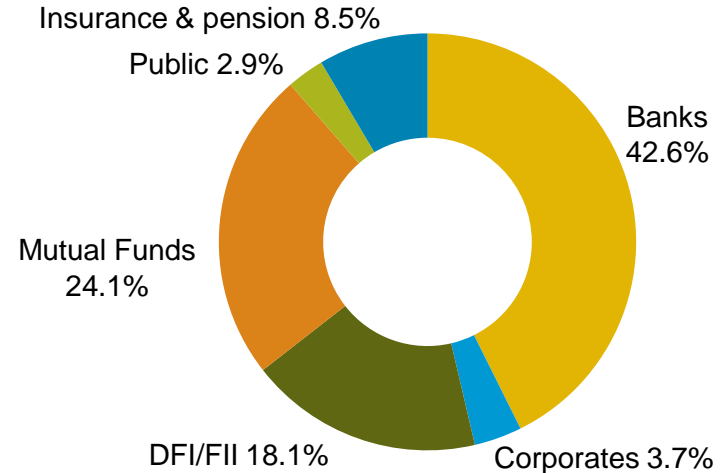
Debt Composition – Source Wise

Retail Finance*

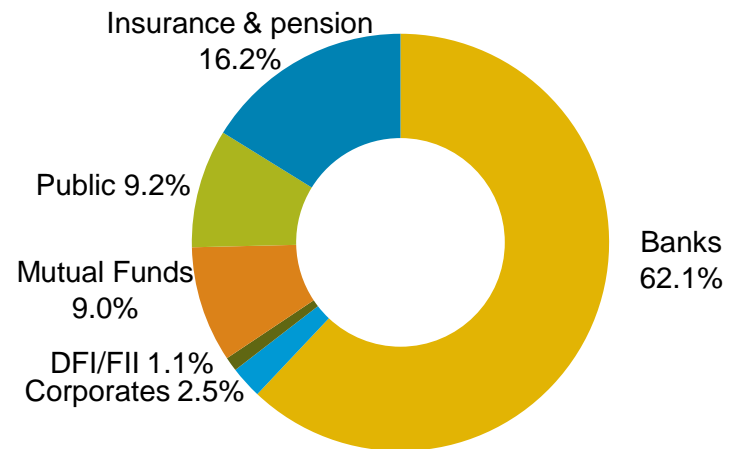
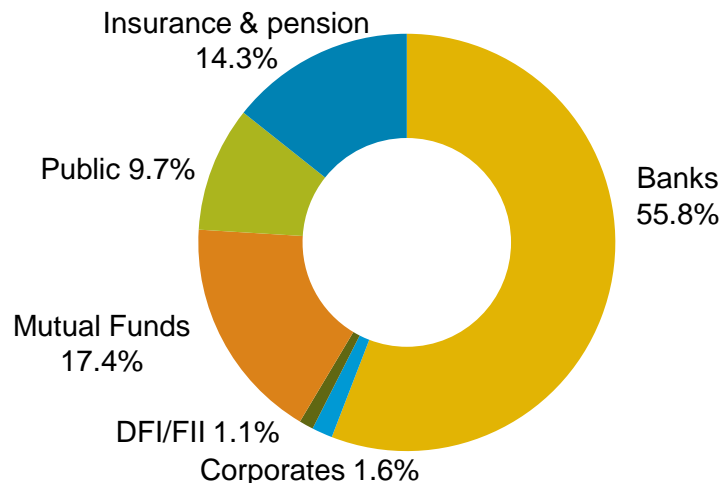
As on 31st Dec 2014



As on 31st Mar 2015



Wholesale Finance

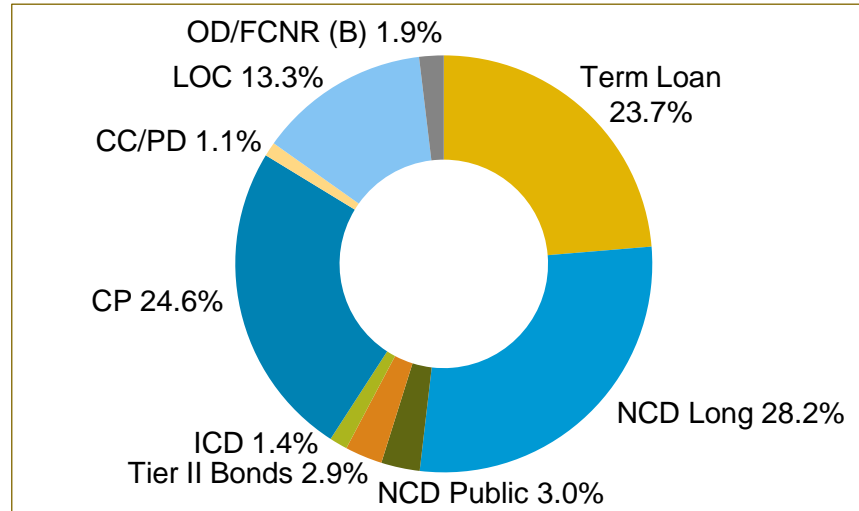


* Excluding Housing Finance

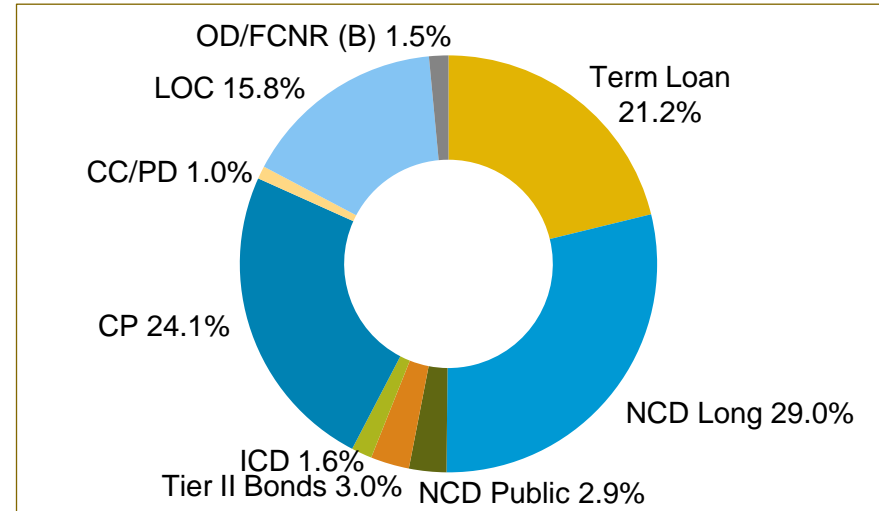
Debt Composition – Instrument Wise

Retail Finance *

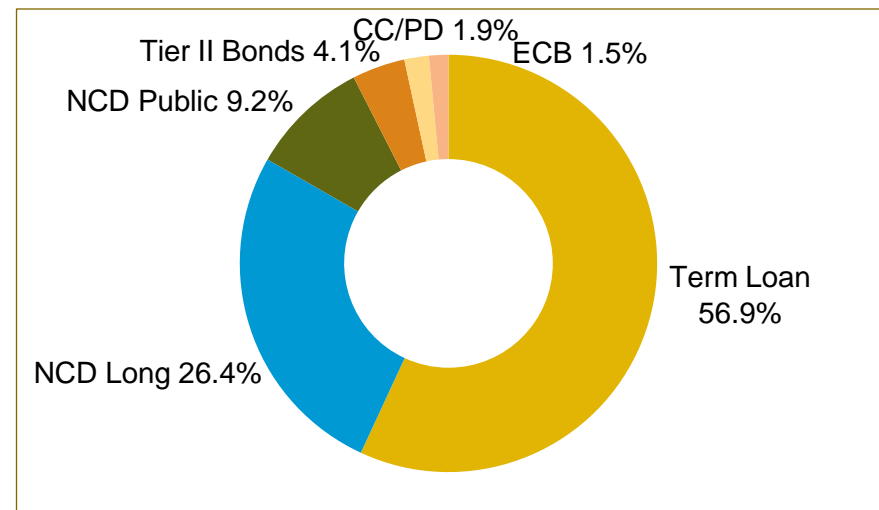
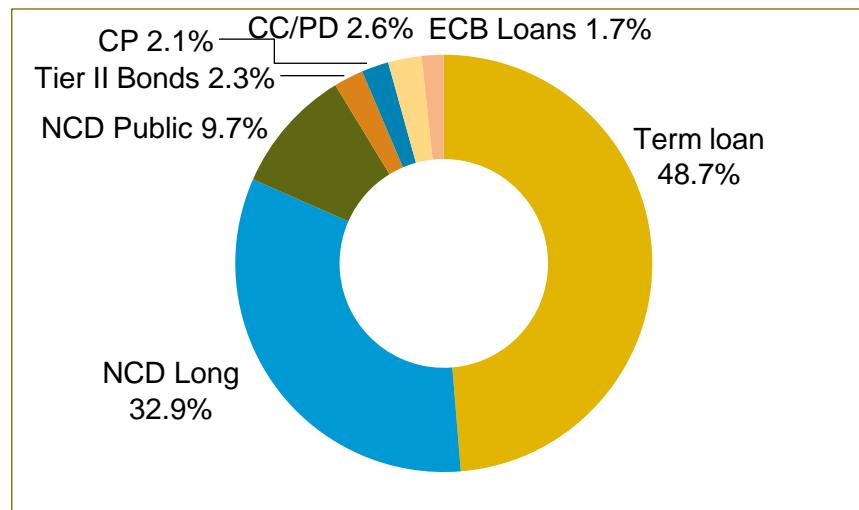
As on 31st Dec 2014



As on 31st Mar 2015



Wholesale Finance



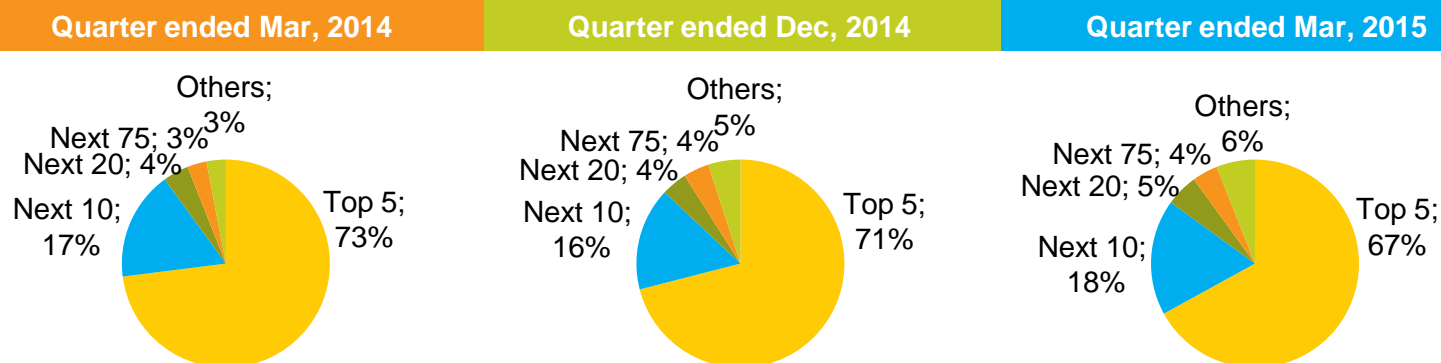
* Excluding Housing Finance

AUM Disclosure

Assets Under Management (Rs. Cr.)

	Quarter ended Mar, 2014		Quarter ended Dec, 2014		Quarter ended Mar, 2015	
Fund Type	AUM ¹	Avg. AUM ²	AUM ¹	Avg. AUM ²	AUM ¹	Avg. AUM ²
Income	8,416	7,520	7,512	7,490	7,225	7,540
Equity (Other than ELSS)	3,484	3,307	6,280	5,861	7,288	6,922
Balanced	0	0	0	0	0	0
Liquid	5,098	6,082	4,825	6,307	4,964	6,276
Gilt	86	99	37	51	59	50
Equity – ELSS	1,242	1,151	1,601	1,564	1,642	1,656
Gold ETF	0	0	0	0	0	0
Other ETF	0	0	0	0	0	0
Fund of Fund Overseas	94	96	58	63	49	52
TOTAL	18,419	18,255	20,313	21,336	21,226	22,497

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

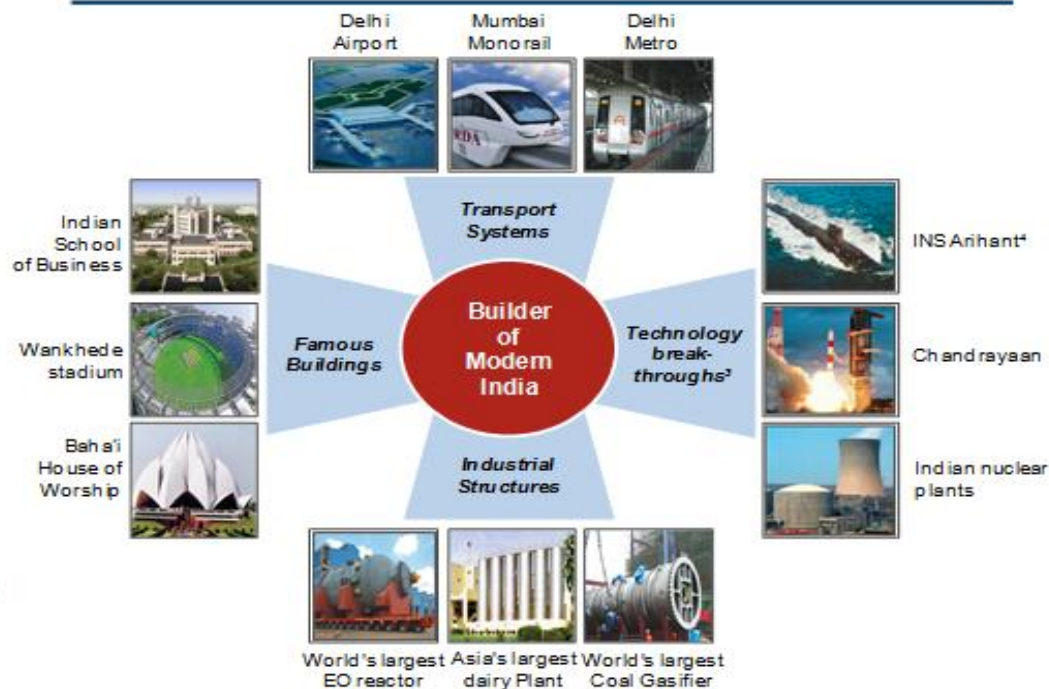
L&T Group has a long and illustrious history in India...

L&T was founded in 1938 by two Danish Engineers



- Revenue: ~ Rs. 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

¹ For year ended Mar 2014

² As on 23rd Jan, 2015

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

L&T Finance Holdings Ltd

8th Floor, City 2, Plot No 177
Vidyanagari Marg, CST Road, Kalina
Santacruz (E), Mumbai 400 098

Registered Office

L&T House, NM Marg
Ballard Estate, Mumbai 400 001
CIN: L67120MH2008PLC181833

T +91 22 6621 7300/400

F +91 22 6621 7509

E igrc@ltfinanceholdings.com

www.ltfinanceholdings.com

