



Building to become  
**a comprehensive financial services player**

Investor Presentation, Q2FY16



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## ● L&T Finance Holdings

### — Highlights

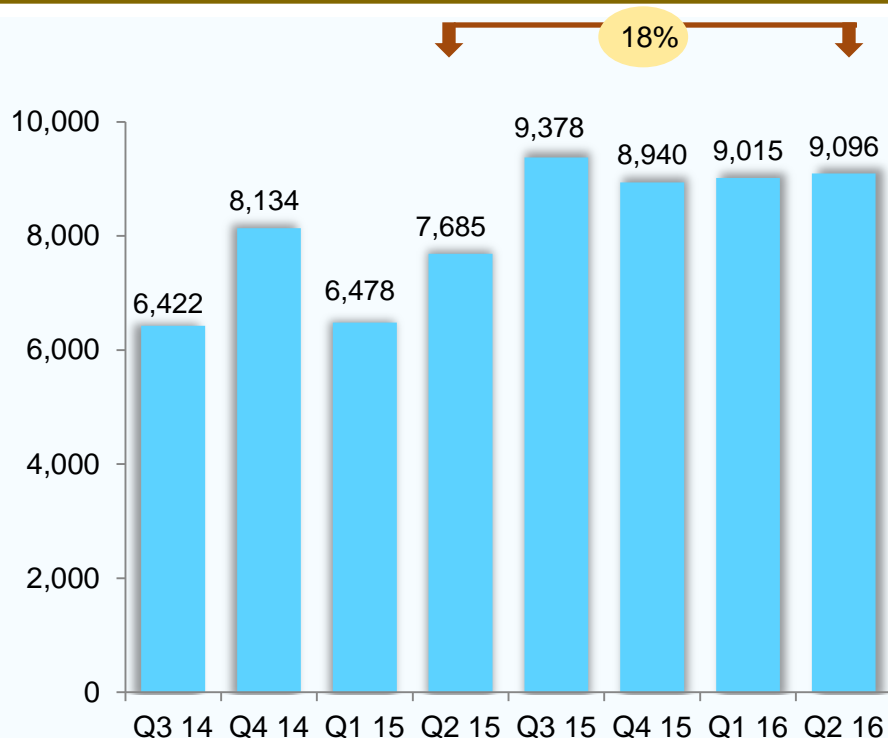
#### ● Key Performance Highlights

#### ● Performance And Outlook – By Business

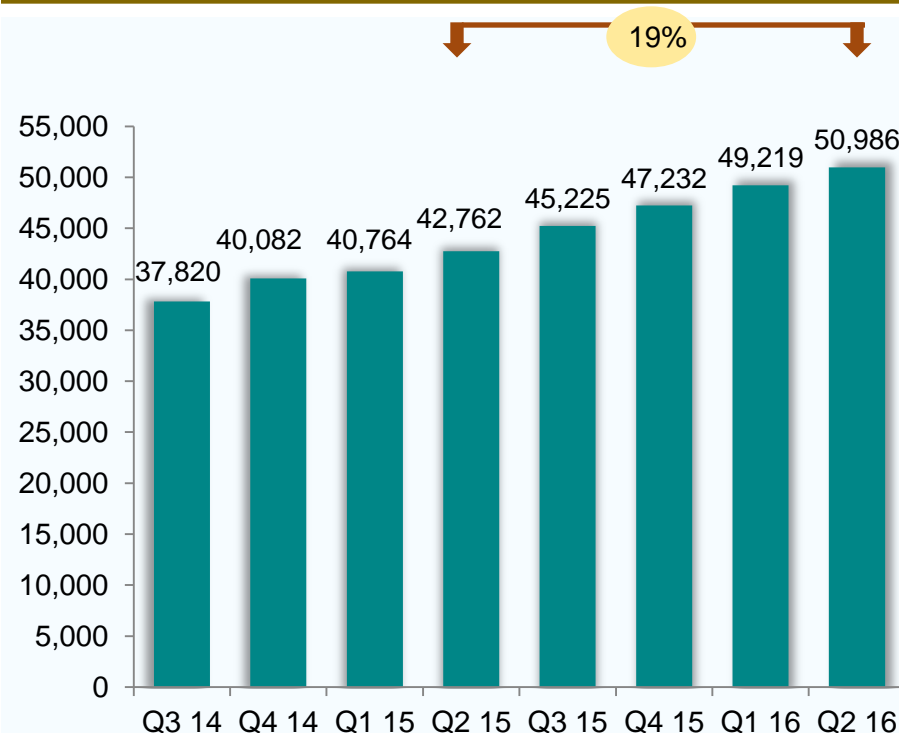
#### ● Appendix

# Consistent Growth In Loan Assets

Disbursements (Rs. Cr.)



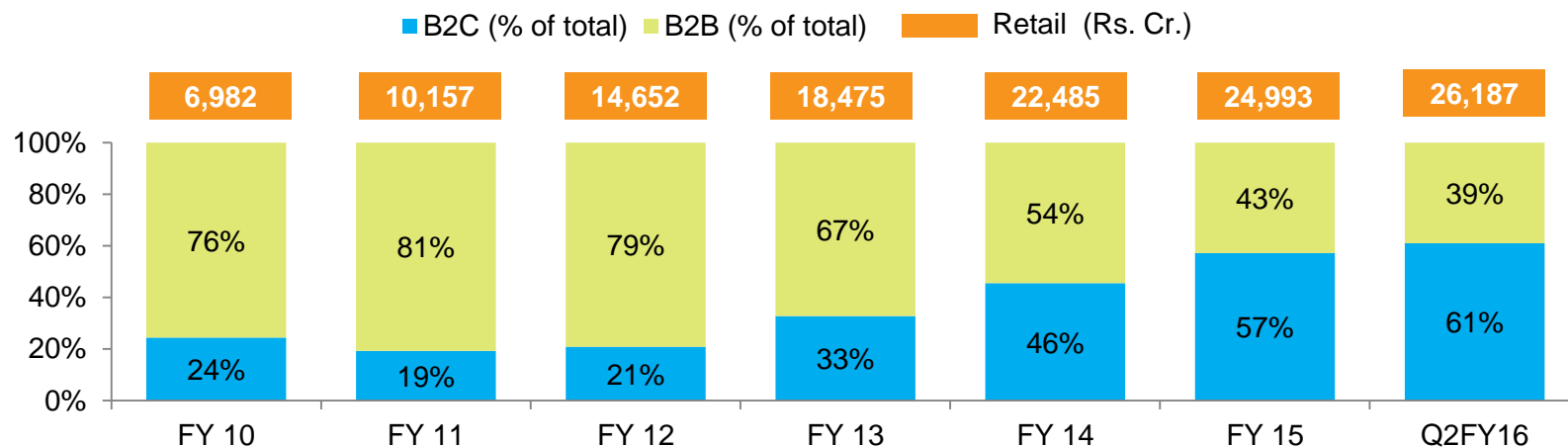
Loans & Advances (Rs. Cr.)



- Steady growth in disbursements in our key focus segments –
  - B2C products (2 Wheelers, Housing Finance and Microfinance) and SME Finance
    - Tractor disbursements have de-grown on a Y-o-Y basis in FY16
  - Operating projects in renewables and roads in wholesale finance

# Strategic Shift Towards B2C Products In Retail Finance

Composition Of The Loan Book By Product Segment

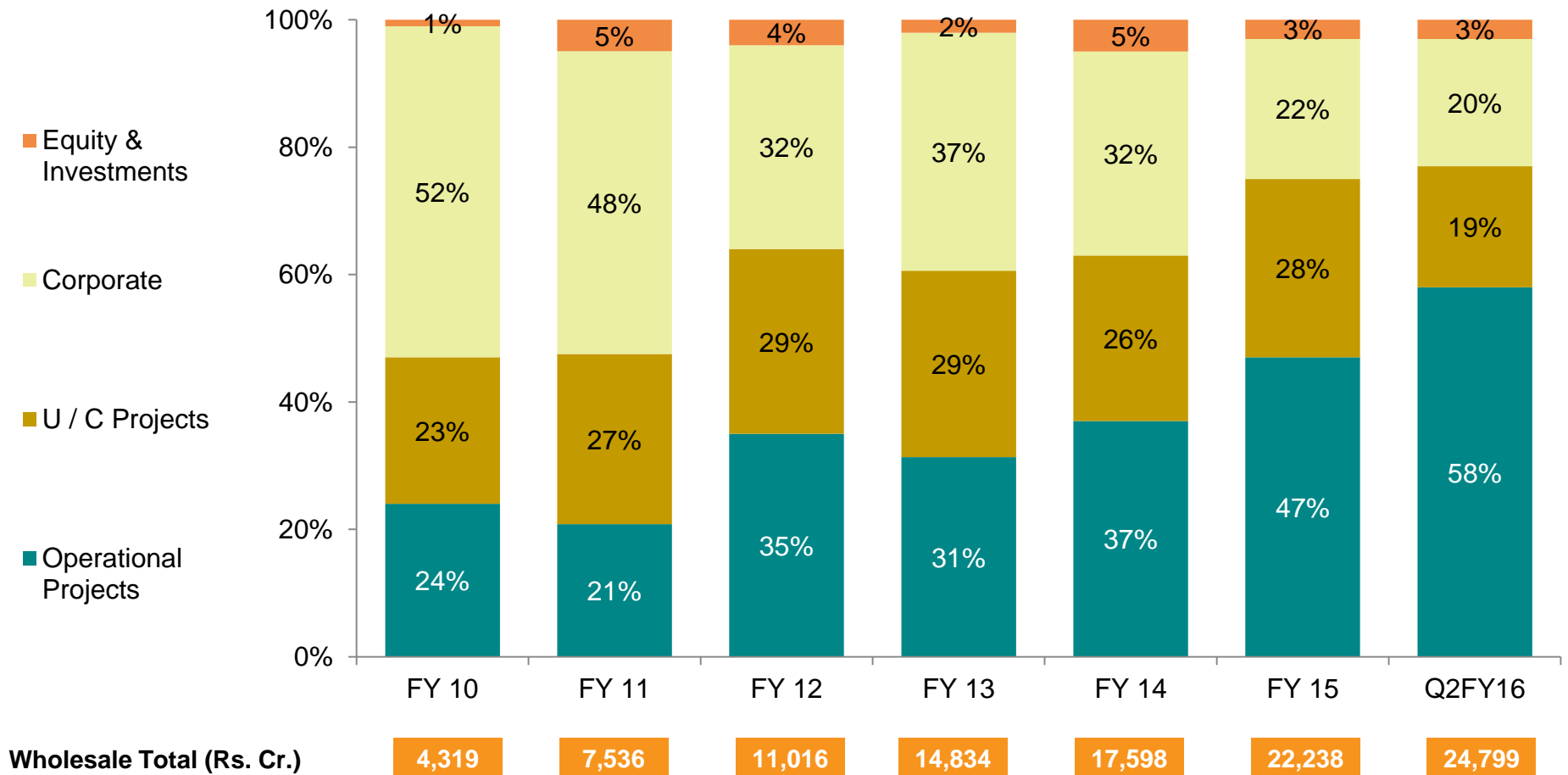


Product Segment	FY10	FY11	FY12	FY13	FY14	FY15	Q2FY16
<b>B2C</b>							
Rural Products Finance	17%	16%	19%	19%	23%	25%	23%
Personal Vehicle Finance	0%	1%	0%	11%	12%	11%	11%
Microfinance	7%	3%	1%	1%	2%	4%	6%
Housing Finance	0%	0%	0%	2%	9%	17%	21%
<b>B2B</b>							
Mid-Market	31%	36%	36%	34%	34%	28%	26%
SME - Supply Chain Fin.	5%	4%	6%	6%	5%	7%	7%
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

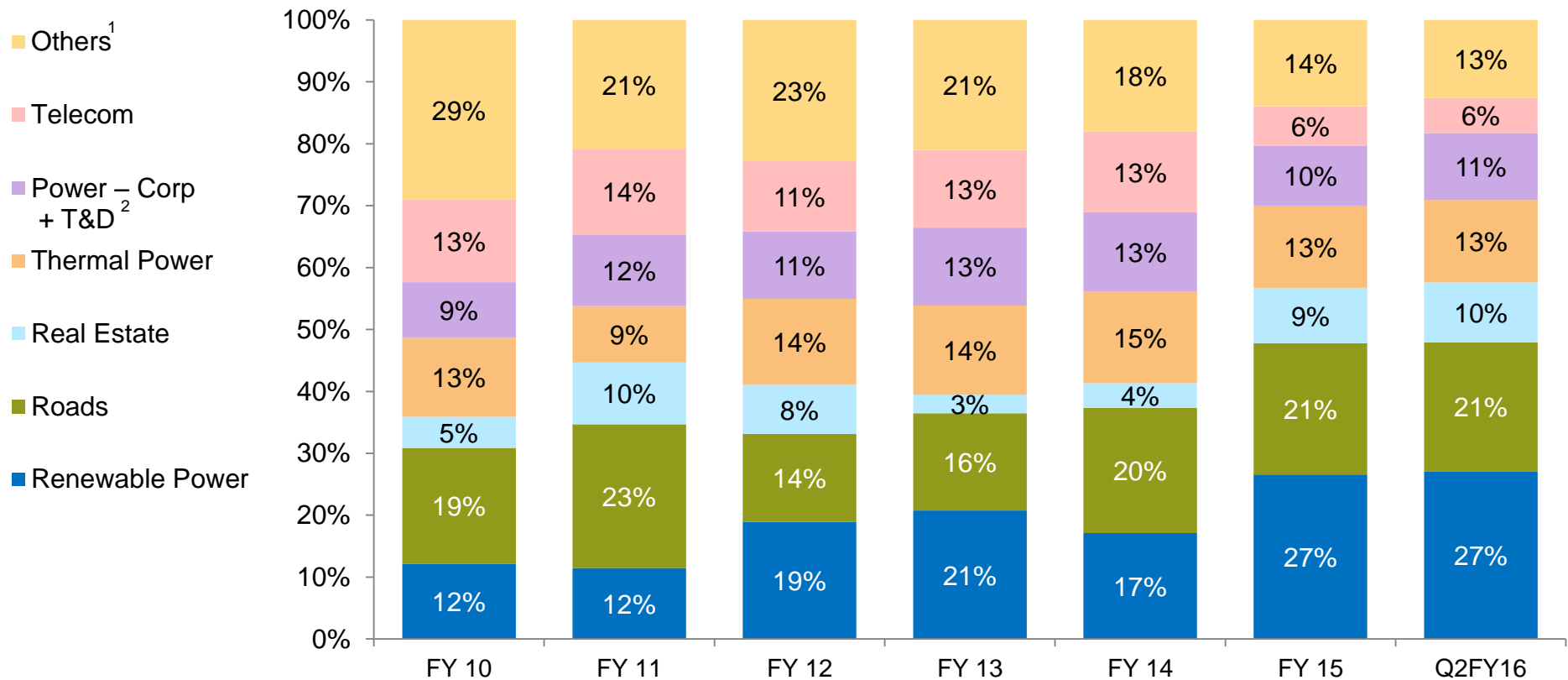
Composition Of The Loan Book



With lower 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



Wholesale Total (Rs. Cr.)

4,319

7,536

11,016

14,834

17,598

22,238

24,799

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

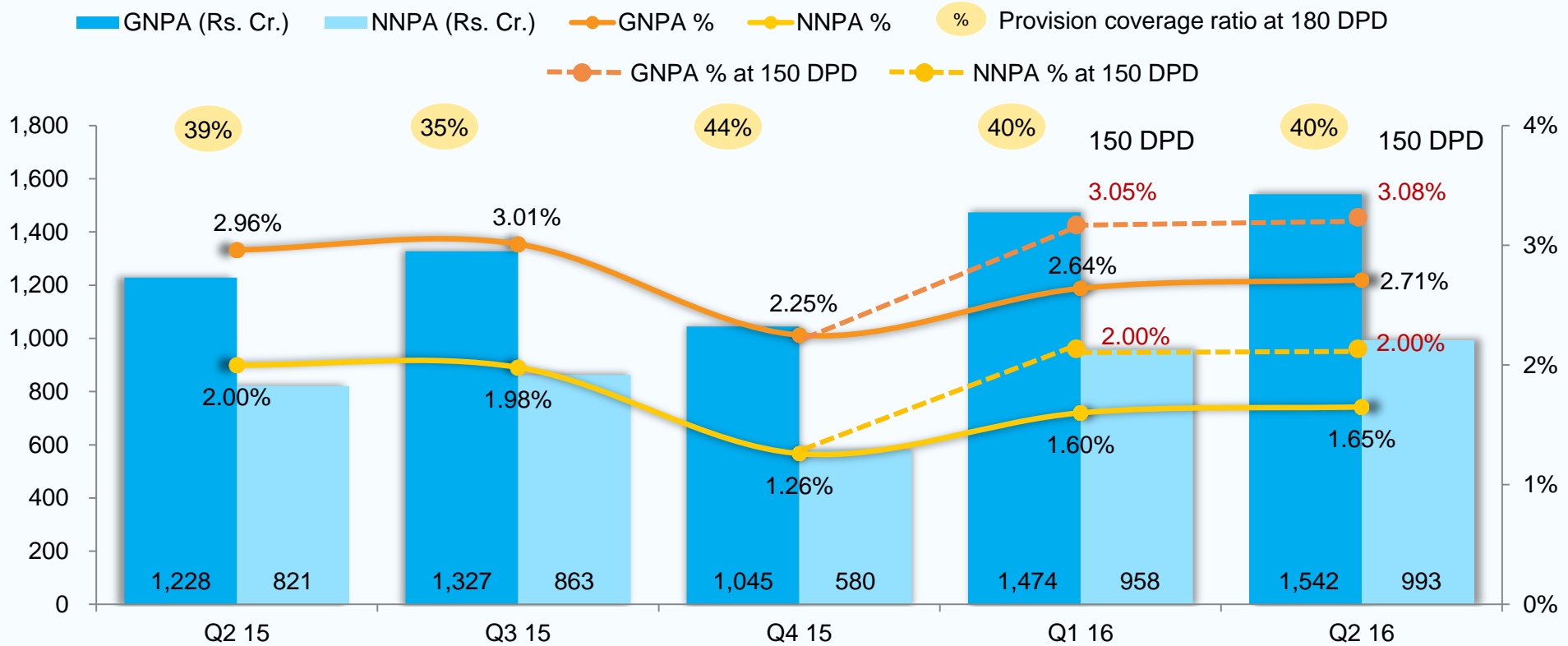
<sup>1</sup> Corporate loans to Power companies

<sup>2</sup> 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

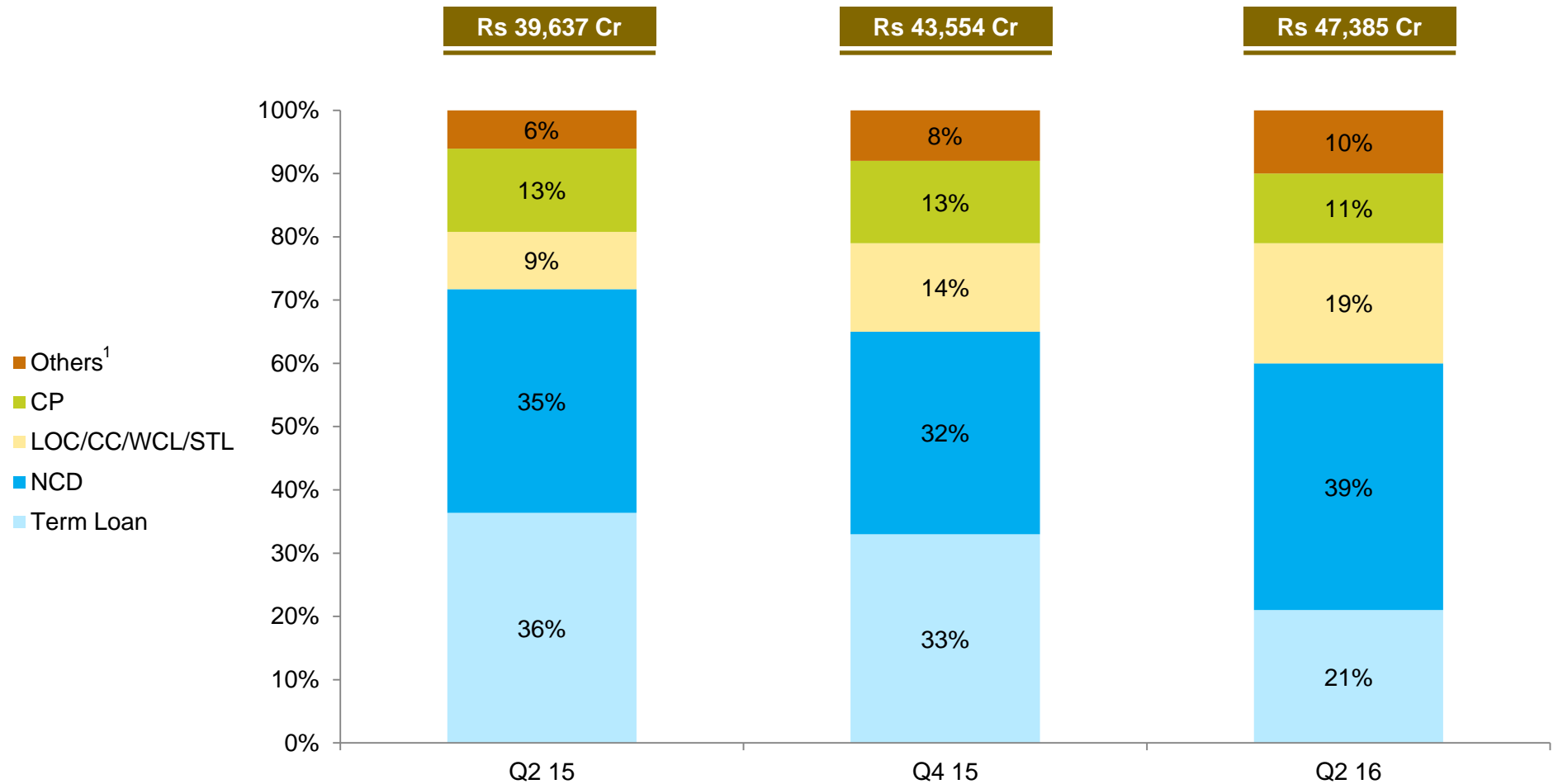
Asset Quality Indicators



- GNPA% remains steady on a Q-o-Q basis while showing a reducing trajectory on a Y-o-Y basis despite above normal stress in farm portfolio
  - Farm NPLs show slight moderation ; marginal movement from RSA to GNPA bucket on a Q-o-Q basis
- Provision coverage of 40% for 180+ DPD assets
- Provisions in excess of RBI norms at ~Rs. 265 Cr. with repo assets of Rs. 41 Cr.
- Overall asset quality (net NPA + net RSA + net SRs) is at 4.79% as of Q2FY16 versus 5.02% as of Q1FY16



# Effective Liability Management

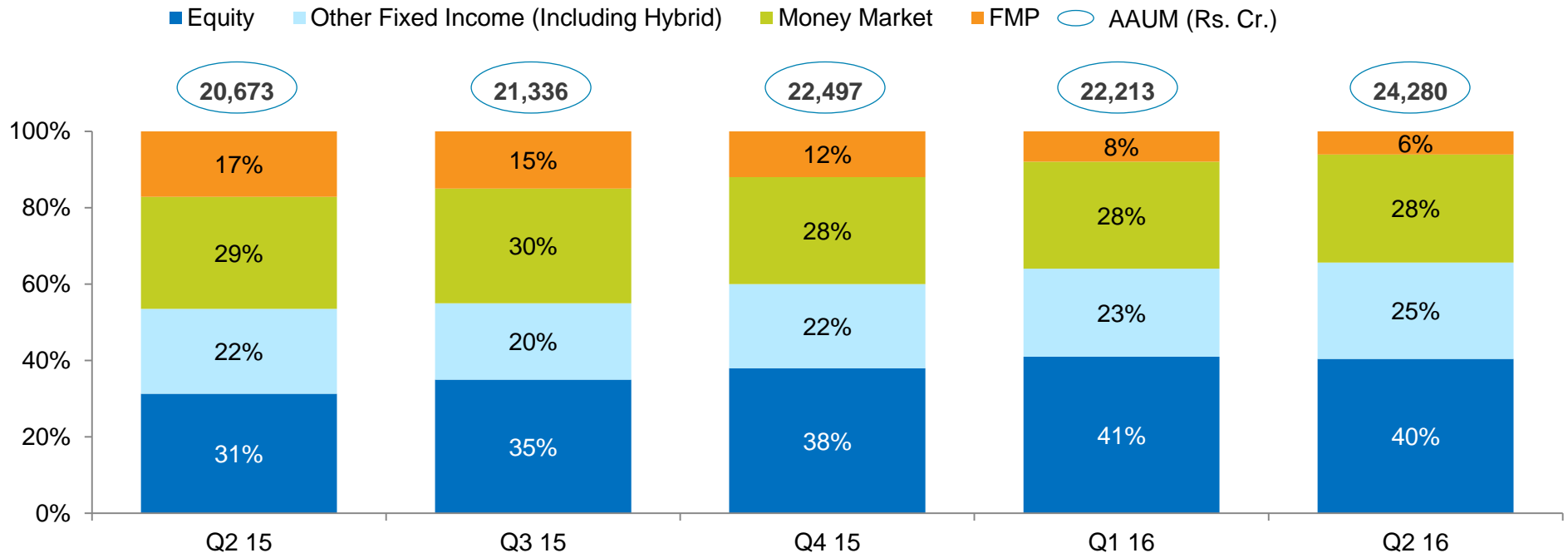


Focus on diversifying sources of funds – increased proportion of market borrowings

<sup>1</sup> Others includes Tier II bonds, Public Debenture, Preference Shares , FCNR/ ECB

# Smart Growth in Equity Assets in Investment Management

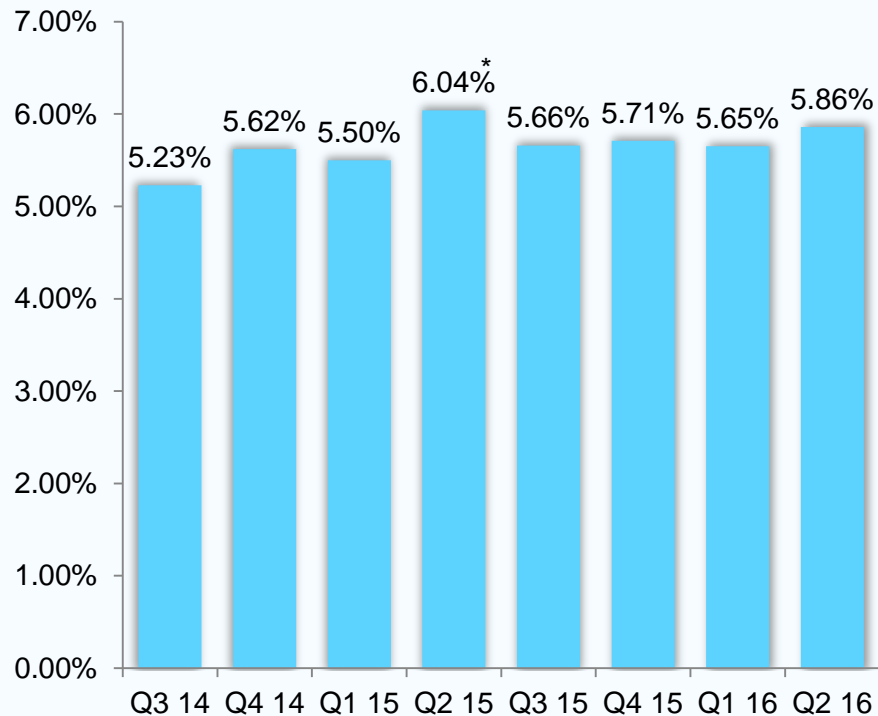
AAUM Composition



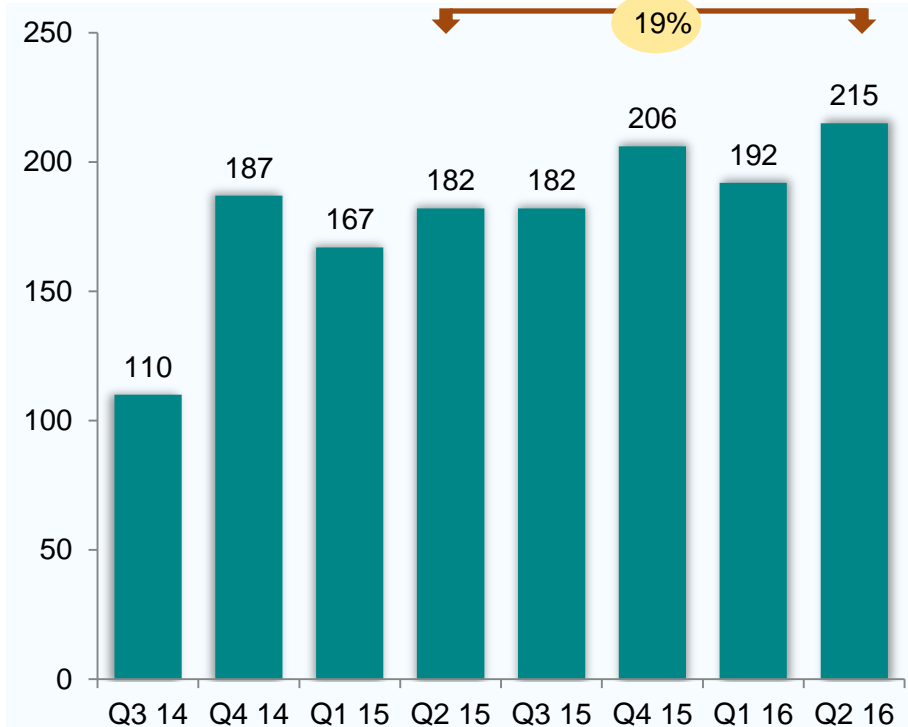
- Average AUM at ~Rs. 24,280 Cr. represents a 17% increase on a Y-o-Y basis
  - Equity AAUM grows by 53% on a Y-o-Y basis to reach Rs 9,817 Cr led by strong net sales despite negative market movement
  - Core assets (Equity & Other Fixed Income) increase to 65% of AAUM from 53% in Q2FY15
  - FMPs impacted by the 2014 budget announcements related to capital gains on fixed income products

# Healthy Growth In Profits

NIM %



PAT (Rs. Cr.)



- Profit for the quarter grows by 19% Y-o-Y
  - Steady margins aided by lower borrowing costs despite increasing leverage - 18 bps impact of prepayment of high yield loan in Q2FY16
  - Strong fee income via debt syndication
  - Provision of SAP at 30 bps from 25 bps and income reversal in the 150 – 180 DPD bucket on incremental assets
- DTA of Rs 5.5 Cr against carry forward MAT credits accounted in Q2FY16

\* Impact of high overdue collection s 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
Q2FY15	Rs. Crores	FY15	Q1FY16	Q2FY16	Y-o-Y (%)	
Lending Businesses (Retail Finance, Wholesale Finance)						
42,762	Loans and Advances	47,232	49,219	50,986	19%	○ Driven by B2C segments and operational projects
7,685	Disbursements	32,480	8,845	9,096	18%	
631	NIM	2,471	681	734	16%	○ Healthy NIMs with increased leverage; low borrowing costs aid
455	Earnings before credit cost	1,856	513	559	23%	
183	Credit cost	813	248	244	33%	○ Higher credit costs due to above normal stress in farm and amortization of ARC sale losses
185	PAT	720	178	206	11%	
6.04%	NIM (%)	5.68%	5.65%	5.86%	- 18 bps	○ Gross NPA (%) for Q2FY16 at 180 DPD is 2.71 %
2.96%	Gross NPA (%) *	2.25%	3.05%	3.08%	+ 12 bps	
11.43%	ROE (%)	11.07%	10.59%	12.01%	+ 58 bps	○ Trajectory of RoE improvement to continue – rise in pre-provision profits and lower credit costs
Investment Management						
20,673	Average AUM	22,497	22,213	24,280	17%	○ Increase in market share of equity AUM
6,409	- Average Equity AUM ^	8,587	9,107	9,817	53%	
0.0	PAT before amortization	5.3	2.2	4.6	-	

\* Q1FY16 & Q2FY16 GNPA (%) is with NPA recognition at 150 DPD for all lending business (Housing Finance Company recognizes NPAs at 90 DPD)

^ Excludes hybrid schemes

# Summary Financial Performance – LTFH Consolidated

## Consolidated P&L And Balance Sheet Summary

Q2FY15	Summary P&L (Rs. Cr. )	FY15	Q1FY16	Q2FY16	Y-o-Y (%)
182	Consolidated PAT	855	193	215	19%
-	Exceptional Item*	119	-	-	-
<b>182</b>	<b>PAT before Exceptional Item</b>	<b>736</b>	<b>192</b>	<b>215</b>	<b>19%</b>
185	- Lending Business	720	178	206	11%
(3)	- Others	16	14	9	-
10.10%	Return on Equity #	10.29%	9.09%	9.84%	-
<b>0.89 &amp;</b>	<b>EPS #</b>	<b>3.61</b>	<b>0.84&amp;</b>	<b>0.94&amp;</b>	<b>6%</b>

Q2FY15	Summary BS (Rs. Cr)	Q1FY16	Q2FY16	Y-o-Y (%)
<b>6,287</b>	<b>Net worth (excluding preference capital)</b>	<b>6,566</b>	<b>6,748</b>	<b>7%</b>
1,363	Preference Capital	1,963	1,963	44%
7,650	Net worth (with preference capital)	8,529	8,711	14%
3,117	- Retail & Mid-Market Finance	3,243	3,136	1%
320	- Housing Finance	338	432	35%
3,187	- Wholesale Finance	3,272	3,417	7%
1,026	- Others (incl. cash & consol. elimination)	1,676	1,726	68%
<b>38,273</b>	<b>Borrowings</b>	<b>44,137</b>	<b>45,322</b>	<b>18%</b>
<b>36.25</b>	<b>Book Value per Share (Rs.) ^</b>	<b>38.15</b>	<b>38.62</b>	<b>7%</b>

# Excludes exceptional items and after considering annual dividend on preference shares on pro-rata basis, calculated basis quarterly averages

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







& Not annualized

^ Excludes annual dividend on preference shares on pro-rata basis

- L&T Finance Holdings
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# 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"> <li>Tractor sales dropped by 25% in Q2FY16</li> <li>Tractor industry expected to see flat to negative growth during FY16 (Source: ICRA)</li> <li>Rainfall deficit of 12% (IMD) , may impact asset quality</li> </ul>	 <b>(23%) Tractor</b>
Personal Vehicles	<ul style="list-style-type: none"> <li>2W sales declined by 1% while car sales grew by 6% during Q2FY16</li> <li>2W industry showed increase in finance penetration</li> </ul>	 <b>21% 2 W</b>
Micro Finance	<ul style="list-style-type: none"> <li>Industry wide disbursement amount increased by 70% and gross loan portfolio grew by 69%</li> <li>Branch network increased by 8% with customer base increase of 23% for the industry</li> </ul>	 <b>104%</b>
Housing Finance	<ul style="list-style-type: none"> <li>Banks expected to increase HL book by 17%-19%, while 19% -21% industry growth is expected in FY16</li> <li>Mortgage to GDP penetration of 8%, expect 18% CAGR growth over next 5 years with rising income levels</li> <li>NPA % to remain bound between 0.7% -1.1% (ICRA)</li> </ul>	 <b>44%</b>
SME Finance	<ul style="list-style-type: none"> <li>Sector contributes 8% to GDP, 45% to total manufacturing output and 40% to total exports from India</li> <li>Thrust on manufacturing sector by the government expected to create new lending opportunities</li> <li>New schemes to include 3 more industries under SME in progress</li> </ul>	 <b>75%</b>
Mid-Market	<ul style="list-style-type: none"> <li>Overall credit ratio improved to 2.13 times in H1FY16 against 1.68 times in FY15 with 981 upgrades and 460 downgrades by CRISIL</li> <li>Deleveraging of balance sheets, improvement in investment demand and commodity process, extent of interest rate cuts and government's ability to push reforms key to improvement in corporate credit quality</li> <li>Gross credit to industry &amp; services grew by 5.3% Y-o-Y (till 21<sup>st</sup> Aug 2015), while being - 1.4% on YTD basis</li> </ul>	 <b>10%</b>

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

# Retail Finance – Segment Wise Split

Disbursements						
Q2FY15	FY15	Segments (Rs. Cr. )	Q1FY16	Q2FY16	Y-o-Y (%)	
947	4,431	Rural Products Finance	1,164	782	-17%	
475	1,920	Personal Vehicle Finance	455	473	0%	
266	1,178	Microfinance	485	542	104%	
668	2,801	Housing Finance*	777	963	44%	
1,383	6,429	Supply Chain Finance	1,898	2,417	75%	
638	3,431	Mid-Market Finance	1,525	576	-10%	
88	317	CE / CV Finance	29	90	2%	
4,465	20,506	Total	6,335	5,842	31%	
3,082	14,077	Total (Excl. Supply Chain Finance)	4,437	3,416	11%	
Loans & Advances						
Q2FY15	Q2FY15 (%)	Segments (Rs. Cr. )	Q1FY16	Q2FY16	Q2FY16 (%)	Y-o-Y (%)
5,655	24%	Rural Products Finance	6,278	6,072	23%	7%
2,760	12%	Personal Vehicle Finance	2,857	2,843	11%	3%
532	2%	Microfinance	1,212	1,510	6%	184%
2,825	12%	Housing Finance*	4,825	5,533	21%	96%
1,223	5%	Supply Chain Finance	1,592	1,821	7%	49%
7,407	32%	Mid-Market Finance	7,428	6,839	26%	-8%
2,698	12%	CE / CV Finance	1,675	1,568	6%	-42%
23,100	100%	Total	25,867	26,186	100%	13%
Disbursements grew by 31% 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							
Q2FY15	Q1FY16	Q2FY16	Y-o-Y	Summary P&L (Rs. Cr.)	H1FY15	H1FY16	Y-o-Y
829	836	860	4%	Interest Income	1,606	1,696	6%
430	416	402	-6%	Interest Expense	868	819	-6%
399	420	457	15%	NIM	738	877	19%
8	22	12	52%	Fee Income	24	34	46%
157	164	180	14%	Operating Expense	300	344	15%
249	278	290	16%	Earnings before credit cost	462	568	23%
119	145	144	21%	Credit Cost	217	289	33%
88	88	95	9%	PAT	169	183	8%

## Comments

- Credit cost increase due to above normal stress in farm segment and income reversal for 150 -180 DPD assets

Asset Quality Metrics			
Q2FY15	Q1FY16	Asset Quality Metrics (Rs. Cr)	Q2FY16
1,171	1,004	Gross NPA*	1,001
5.74%	4.75%	Gross NPA (%) *	4.82%
714	808	Gross NPA @ 180 DPD	821
425	437	Net NPAs @ 180 DPD	436
3.50%	3.82%	Gross NPA (%) @ 180 DPD	3.95%
2.11%	2.13%	Net NPA (%) @ 180 DPD	2.14%
40%	46%	Provision Coverage Ratio @ 180 DPD	47%

- Asset quality largely stable, expected recovery in Farm NPLs delayed
- As of Sept 2015, provision over RBI norms is Rs. 181 Cr.

\* NPA recognition at 150 DPD

SAP – Standard Asset Provision, DPD - Days Past Due

# Retail Finance – Key ratios

(Excluding Housing Finance Company)

## Key Ratios And Balance Sheet Summary

Q2FY15	Q1FY16	Q2FY16	Key Ratios	H1FY15	H1FY16
16.09%	15.72%	16.23%	Yield	15.60%	16.02%
9.66%	9.14%	8.92%	Cost of Funds	9.76%	9.08%
<b>7.74%</b>	<b>7.90%</b>	<b>8.63%</b>	<b>Net Interest Margin</b>	<b>7.17%</b>	<b>8.29%</b>
0.16%	0.42%	0.23%	Fee Income	0.23%	0.32%
3.06%	3.09%	3.39%	Operating Expenses	2.91%	3.25%
<b>4.84%</b>	<b>5.22%</b>	<b>5.48%</b>	<b>Earnings before credit cost</b>	<b>4.49%</b>	<b>5.36%</b>
2.31%	2.72%	2.72%	Credit Cost	2.10%	2.73%
1.59%	1.55%	1.70%	Return on Assets	1.54%	1.63%
5.70	5.69	5.63	Gearing	5.70	5.63
<b>11.37%</b>	<b>10.93%</b>	<b>11.94%</b>	<b>Return on Equity</b>	<b>11.11%</b>	<b>11.48%</b>

Q2FY15	Q1FY16	Balance Sheet (Rs. Cr. )	Q2FY16	Y-o-Y
22,179	22,847	Total Assets	22,104	0%
20,636	21,398	Gross Loans & Advances	20,983	2%
17,768	18,439	Borrowings	17,658	-1%
3,117	3,243	Networth	3,136	1%

As of June 2015			CRAR Ratios	As of September 2015		
Tier I	Tier II	CRAR	Entity	Tier I	Tier II	CRAR
14.88%	2.46%	17.35%	L&T Finance Ltd.	15.10%	2.57%	17.67%
12.98%	3.43%	16.41%	Family Credit Ltd.	13.26%	3.45%	16.71%

## Comments

- NIMs improve – high yielding assets and softening borrowing costs
- 40 bps impact on back of prepayment of high yield loan
- Credit costs impacted by delinquency of farm portfolio to extent of ~90 bps
- RoEs remain stable, expected to improve with tapering of credit costs
- Dividend payment of Rs 124 Cr in Q2FY16

# Housing Finance Company – Summary Financials

## P&L Summary

Q2FY15	Q1FY16	Q2FY16	Y-o-Y	Summary P&L (Rs. Cr. )	H1FY15	H1FY16	Y-o-Y
73	122	143	95%	Interest Income	145	265	83%
46	84	96	109%	Interest Expense	86	180	110%
27	38	46	71%	NIM	59	84	43%
4	3	2	-46%	Fee Income	6	5	-19%
16	29	25	56%	Operating Expense	28	54	91%
15	12	23	57%	Earnings before credit cost	37	35	-4%
3	10	5	96%	Credit Cost	11	16	43%
8	1	12	47%	PAT	17	13	-23%
486	777	959	120%	Disbursements	839	1,736	107%

## Comments

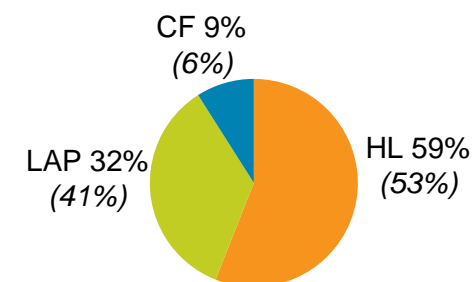
○ H1FY16 includes advertising spend of ~Rs 8 Cr

○ Equity infusion of Rs 83 Cr in Q2FY16

## Balance Sheet Summary

Q2FY15	Q1FY16	Balance Sheet (Rs. Cr. )	Q2FY16	Y-o-Y
2,636	4,641	Total Assets	5,482	108%
2,464	4,468	Gross Loans & Advances	5,203	111%
2,226	3,907	Borrowings	4,607	107%
320	338	Networth	432	35%

## Loan Book Mix – Q2FY16



Note: Figures in brackets represent Q2FY15 mix

As of June 2015			CRAR Ratios	As of September 2015		
Tier I	Tier II	CRAR	Entity	Tier I	Tier II	CRAR
9.13%	3.34%	12.47%	L&T Housing Finance Ltd.	9.60%	4.26%	13.86%

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					
Q2FY15	Q1FY16	Q2FY16	Key Ratios	H1FY15	H1FY16
12.81%	11.72%	11.79%	Yield	13.47%	11.73%
9.35%	9.19%	9.05%	Cost of Funds	9.19%	9.08%
<b>4.74%</b>	<b>3.67%</b>	<b>3.83%</b>	<b>Net Interest Margin</b>	<b>5.49%</b>	<b>3.75%</b>
0.65%	0.26%	0.17%	Fee Income	0.54%	0.21%
2.85%	2.76%	2.10%	Operating Expenses	2.63%	2.40%
<b>2.55%</b>	<b>1.17%</b>	<b>1.89%</b>	<b>Earnings before credit cost</b>	<b>3.40%</b>	<b>1.55%</b>
0.46%	1.01%	0.42%	Credit Cost	1.01%	0.69%
1.31%	0.10%	0.92%	Return on Assets	1.42%	0.54%
6.97	11.56	10.66	Gearing	6.97	10.66
<b>10.04%</b>	<b>1.30%</b>	<b>12.09%</b>	<b>Return on Equity</b>	<b>10.66%</b>	<b>6.90%</b>

Asset Quality Metrics			
Q2FY15	Q1FY16	Asset Quality Metrics (Rs. Cr)	Q2FY16
40	49	Gross NPA *	50
29	34	Net NPAs	33
1.60%	1.10%	Gross NPA (%)	0.96%
1.18%	0.76%	Net NPA (%)	0.63%
27%	31%	Provision Coverage Ratio	34%

Comments
<ul style="list-style-type: none"> <li>○ NIMs reflective of increase in gearing and higher share of home loans</li> </ul>
<ul style="list-style-type: none"> <li>○ Operating leverage to drive RoE uptick – H1FY16 impacted by advertising expenses</li> </ul>

# Wholesale Finance – Market Scenario And Outlook

Segment	Market Scenario & Outlook
Renewable Energy	<ul style="list-style-type: none"><li>○ Installed solar capacity increased by 42% over last year to 3,800 MW (Source : IMA Report)</li><li>○ Increasing tariff pressures and crowding in solar market– selective and cautious lending is key</li><li>○ Wind sector is witnessing increasing risks in greenfield financing due to open PPA risks and states meeting RPO obligations</li><li>○ Refinancing continues to be a large opportunity for wind power projects</li></ul>
Roads	<ul style="list-style-type: none"><li>○ Improved traffic seen across multiple stretches</li><li>○ Improvement in pace of EPC and BOT contracts</li><li>○ Projects under hybrid model opened for bidding</li><li>○ Announcement regarding NHAI funding for completion of stalled projects positive</li></ul>
Thermal Power	<ul style="list-style-type: none"><li>○ 2nd round of FRP being discussed for Discoms</li><li>○ Weak demand for electricity continues - 2% growth YTD.</li><li>○ Fixed cost capping could defeat objectives of coal auction process</li><li>○ Supply of gas under PSDF to stranded capacity of 11.7 GW in the last 6 months – key positive</li></ul>

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



# Wholesale Finance – Focus on Operating Projects

## Disbursements

Q2FY15	FY15	Sectors (Rs. Cr. )	Q1FY16	Q2FY16	Y-o-Y
876	4,014	Renewable Power	1,112	1,004	15%
40	1,976	Roads	335	729	-
97	858	Power – Thermal	189	52	(47%)
457	1,004	Power – Corp <sup>2</sup> + T&D	334	595	30%
-	580	Telecom	2	-	-
1,486	1,882	Real Estate & SEZs	454	440	(70%)
264	1,662	Others <sup>1</sup>	82	434	64%
3,220	11,975	<b>Total</b>	2,510	3,254	1%
3,020	9,898	<b>Net Disbursement</b>	1,966	2,415	(20%)

## Comments

- 48% of Q2FY16 disbursements were to operating projects

## Loans & Advances

Q2FY15	Q2FY15 (%)	Sectors (Rs. Cr. )	Q1FY16	Q2FY16	Q2FY16 (%)	Y-o-Y (%)
3,787	19%	Renewable Power	6,416	6,724	27%	78%
4,041	21%	Roads	4,695	5,153	21%	28%
2,694	14%	Power – Thermal	3,138	3,308	13%	23%
2,144	11%	Power – Corp <sup>2</sup> + T&D	2,589	2,675	11%	25%
1,683	9%	Telecom	1,423	1,411	6%	-16%
2,076	11%	Real Estate & SEZs	2,234	2,404	10%	16%
3,235	16%	Others <sup>1</sup>	2,856	3,124	13%	-3%
19,660	100%	<b>Total</b>	23,352	24,799	100%	26%

## Portfolio Break Up

Corporate 20%

Projects 77%

Operating 58%

U/C 19%

Equity & Investments 3%

- Top 10 borrowers - 18% of outstanding
- Top 10 groups - 29% of outstanding

# Wholesale Finance – Summary Financials

## P&L Summary

Q2FY15	Q1FY16	Q2FY16	Y-o-Y	Summary P&L (Rs. Cr. )	H1FY15	H1FY16	Y-o-Y
586	698	714	22%	Interest Income	1,131	1,412	25%
382	476	484	27%	Interest Expense	740	960	30%
204	222	230	13%	NIM	391	452	15%
11	12	21	89%	Fee Income	17	34	98%
4	15	23	482%	Other Income	8	38	358%
29	27	29	-1%	Operating Expense	52	56	8%
191	223	246	29%	Earnings before credit cost	365	468	28%
62	93	95	54%	Credit Cost	115	188	64%
90	88	100	11%	PAT	178	188	6%

## Asset Quality Metrics

Q2FY15	Q1FY16 *	Asset Quality Metrics (Rs. Cr)	Q2FY16 *
474	420	Gross NPA	491
367	294	Net NPAs	347
2.53%	1.85%	Gross NPA (%)	2.04%
1.97%	1.30%	Net NPA (%)	1.45%
23%	30%	Provision Coverage Ratio	29%
5.77%	5.44%	Net RSA %	4.79%
0.98%	0.89%	Net SR%	0.78%
8.80%	7.60%	Net Impaired Assets	7.00%

## Comments

- Fee income from Debt FAS continues to be strong
- Other income healthy – bond desk

- Credit cost for Q2FY16 includes Rs 30 Cr towards amortization losses on ARC asset sales and Rs 16 Cr of FITL provisions

- Overall asset quality softens – incremental slippage low, RSA to NPA movement
- As of Sept 2015, the provision over RBI norms stands at Rs. 76 Cr.

\* Gross NPAs based on 150 DPD

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

# Wholesale Finance – Key Ratios

## Key Ratios & Balance Sheet Summary

Q2FY15	Q1FY16	Q2FY16	Key Ratios	H1FY15	H1FY16
12.42%	12.26%	11.86%	Yield	12.32%	12.04%
9.41%	9.31%	8.99%	Cost of Funds	9.37%	9.15%
<b>4.33%</b>	<b>3.90%</b>	<b>3.82%</b>	<b>Net Interest Margin</b>	<b>4.26%</b>	<b>3.85%</b>
0.24%	0.22%	0.36%	Fee Income	0.19%	0.29%
0.08%	0.27%	0.38%	Other Income	0.09%	0.32%
<b>0.61%</b>	<b>0.47%</b>	<b>0.48%</b>	<b>Operating Expenses</b>	<b>0.56%</b>	<b>0.47%</b>
<b>4.04%</b>	<b>3.91%</b>	<b>4.08%</b>	<b>Earnings before credit cost</b>	<b>3.98%</b>	<b>3.99%</b>
1.31%	1.64%	1.58%	Credit Cost	1.25%	1.60%
1.71%	1.41%	1.50%	Return on Assets	1.75%	1.45%
5.64	6.56	6.59	Gearing	5.64	6.59
<b>11.46%</b>	<b>11.05%</b>	<b>11.90%</b>	<b>Return on Equity</b>	<b>11.53%</b>	<b>11.48%</b>

Q2FY15	Q4FY15	Balance Sheet (Rs. Cr. )	Q1FY16	Q2FY16	Y-o-Y
22,168	24,556	Total Assets	25,917	27,261	23%
19,660	22,239	Gross Loans & Advances	23,352	24,799	26%
17,980	20,247	Borrowings	21,472	22,511	25%
3,187	3,149	Networth	3,272	3,417	7%

As of June 2015			CRAR Ratios	As of September 2015		
Tier I	Tier II	CRAR	Entity	Tier I	Tier II	CRAR
12.22%	6.18%	18.40%	L&T Infra. Finance Ltd.	13.57%	6.31%	19.88%
16.15%	2.24%	18.39%	L&T FinCorp Ltd.	14.62%	3.75%	18.37%
101.12%	29.12%	130.25%	L&T IDF Ltd.	65.48%	18.60%	84.08%

## Comments

○ NIMs reflective of higher gearing and higher proportion of operating projects

○ Opex remains stable across quarters

○ Credit costs in H1FY16 includes amortization of ARC sale losses of 51 bps and FITL provisions of 30 bps

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

# Investment Management

## Industry update

- Industry average assets increased by 7% from Rs. 1,228,521 Cr. in Q1FY15 to Rs. 1,315,760 Cr. in Q2FY16
- Equity assets increased with improved gross and net sales during the quarter in spite of negative market movement
- Increase in Fixed Income assets with flows coming in all sub categories, mainly in money market and other money market
- FMP assets continue to be same/decline with change in taxation rules

## L&T Mutual Fund

- Diversified investor base of ~8 lakh accounts based out of 500+ districts with a branch network spanning over 55 cities
- Comprehensive portfolio, with 30+ funds across asset classes, risk profiles and time horizons

Q2FY15	AAUM Composition	Q1FY16	Q2FY16	AAUM (Rs. Cr. )
31%	Equity	41%	40%	9,817
22%	Other Fixed Income (Includes Hybrid)	23%	25%	6,035
29%	Cash/Ultra Short Term	28%	28%	6,918
17%	FMP	8%	6%	1,510
AAUM (Rs. Cr.)		Q1FY16	Q2FY16	% growth
Industry		1,228,521	1,315,760	7%
L&T MF		22,213	24,280	9%

# Investment Management – Performance Overview

## Key Highlights

- AAUM growth of 9% for L&T MF v/s Industry growth rate of 7%
- Growth led by net inflows in equity and fixed income categories
- FMP continues to decline with net outflow
- Good and consistent fund performance across categories

Q2FY15	H1FY15	Parameter (Rs. Cr. )	Q1FY16	Q2FY16	H1FY16	Y-o-Y
24.7	46.4	Operating Revenue	27.5	30.9	58.4	25%
24.7	46.8	Opex	25.3	26.4	51.7	7%
0.0	(0.4)	PAT(before amortization)	2.2	4.6	6.8	-
20,673	20,673	Average AUM <sup>1</sup>	22,213	24,280	24,280	17%
0.46%	0.44%	Management Fees/AUM	0.48%	0.50%	0.49%	11%
0.00%	0.00%	Net Margin (before amortization)	0.04%	0.07%	0.06%	-

## Approach for Q3FY16

- Focus on building core assets (Equity and Fixed Income)
- Widening and deepening coverage and reach
- Hosting investor education events and seminars
- Opex control through efficient spends and optimal cost structures

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

<sup>1</sup>AUM 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
- **Ranked 6<sup>th</sup>** Best Private Bank (Overall) and **Ranked 1<sup>st</sup>** in Client Confidentiality & Security (US\$ 1M-5M category) in the ASIAMONEY Polls - Jun 15.
- Operations in 13 major cities in India and a representative office in Dubai
- Offers a portfolio of comprehensive products and services (Equity, Mutual Funds, Real Estate and Fixed Income) through a dedicated set of research professionals along with Senior Private Bankers
  - Offers ancillary services like Estate Planning and Lending Solutions

Q2FY15	Parameters	Q1FY16	Q2FY16
6,117	AAUS (Rs. Cr. ) *	7,143	7,878
~2,451	No of clients	~3,300	~3,700

## Q3 FY16 Approach

- ✓ Grow AUS across asset classes including Real Estate advisory business and lending solutions
- ✓ Continue to focus on providing customized solutions to domestic clients
- ✓ Widen product range, enhance operational platform
- ✓ Capacity addition commensurate to growth

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



# Strategic Direction & Aspiration

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

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**

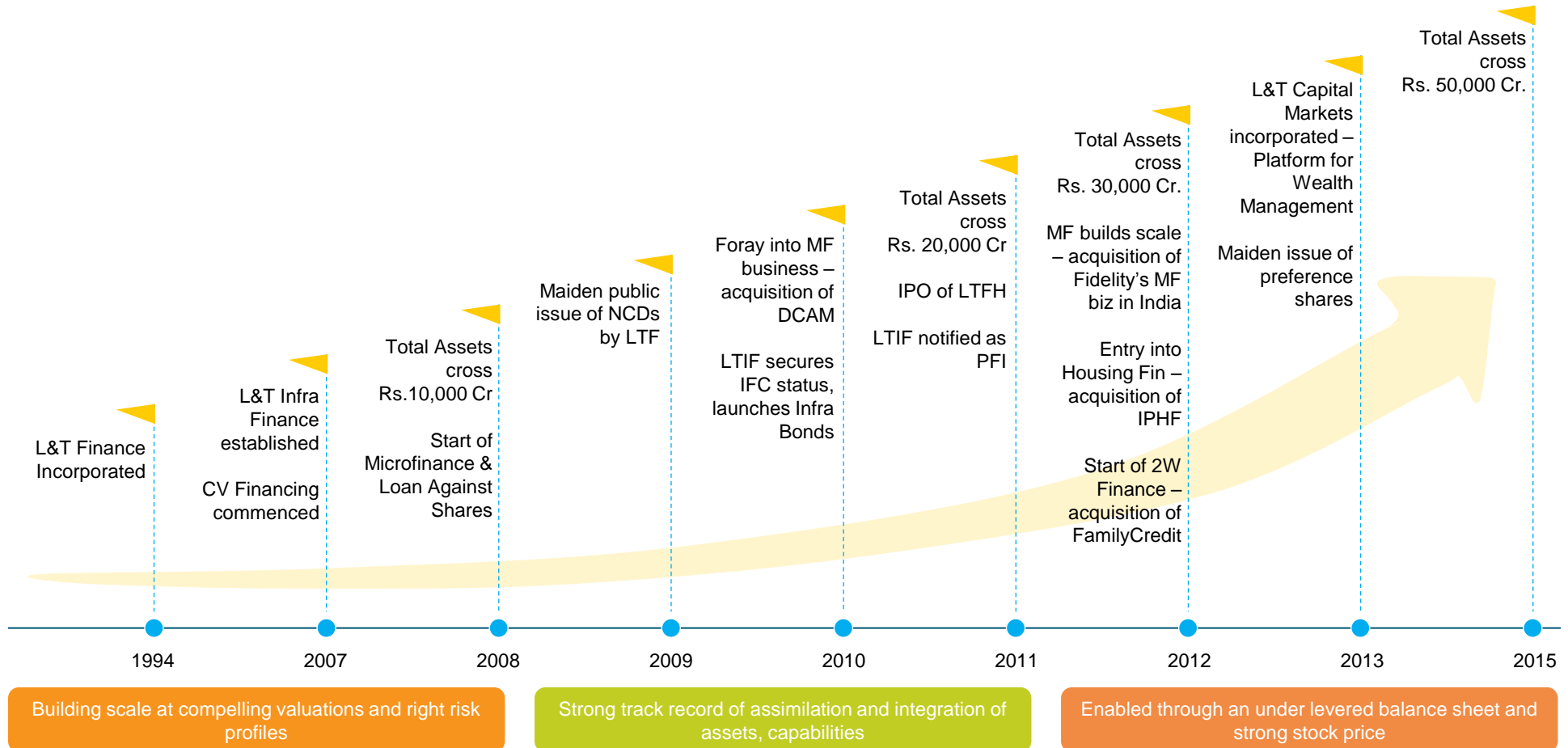
# Collectively, A Comprehensive Product Suite Across Three Lines Of Business



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

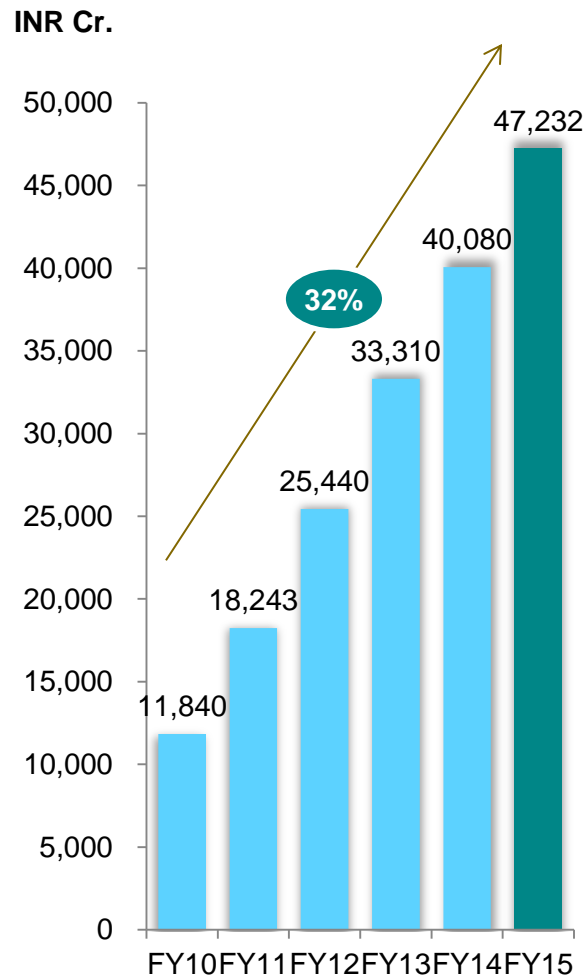
# Building Scale And A Comprehensive Financial Services Offer

## Key Milestones

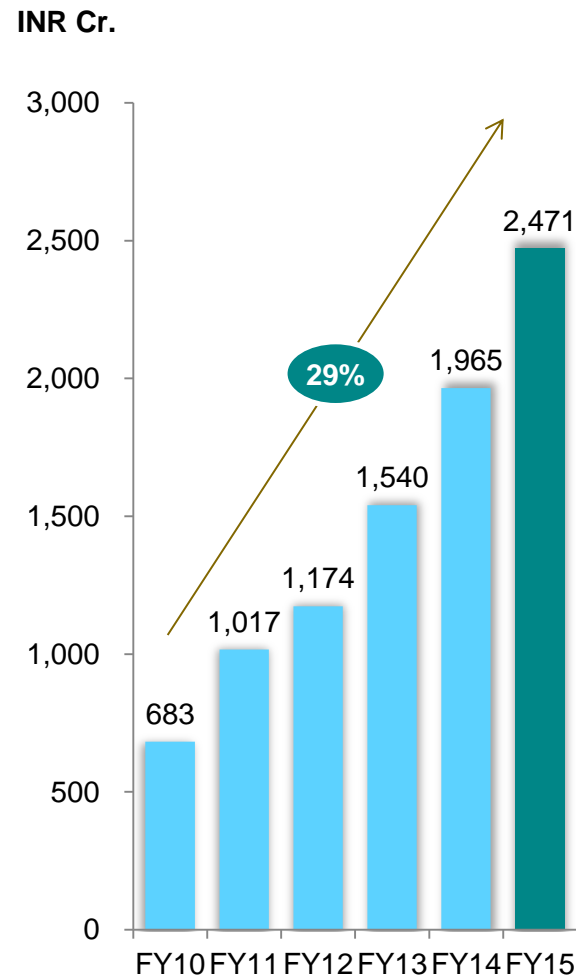


# Consistent And Robust Growth Trajectory

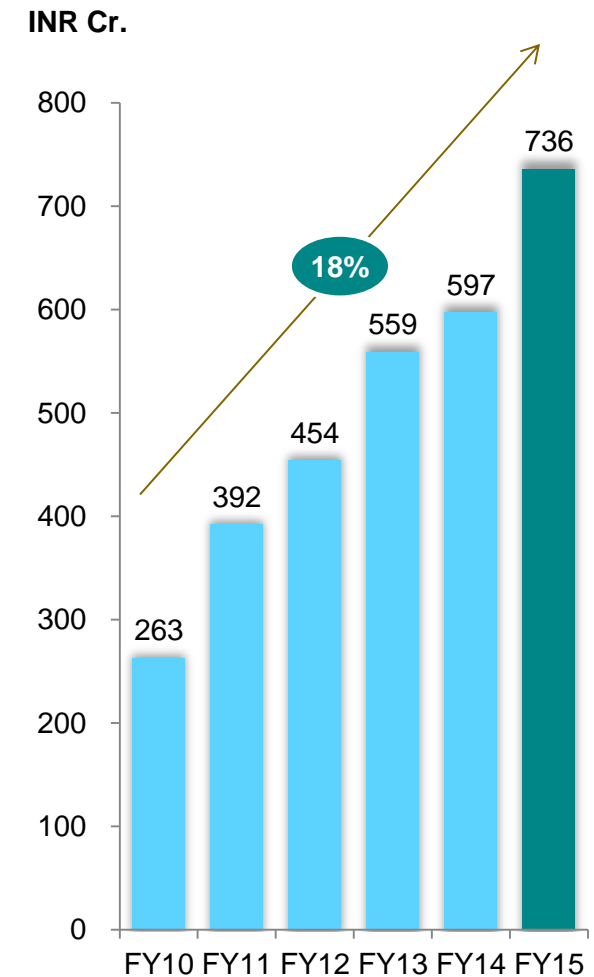
## Loans & Advances



## Net Interest Margin



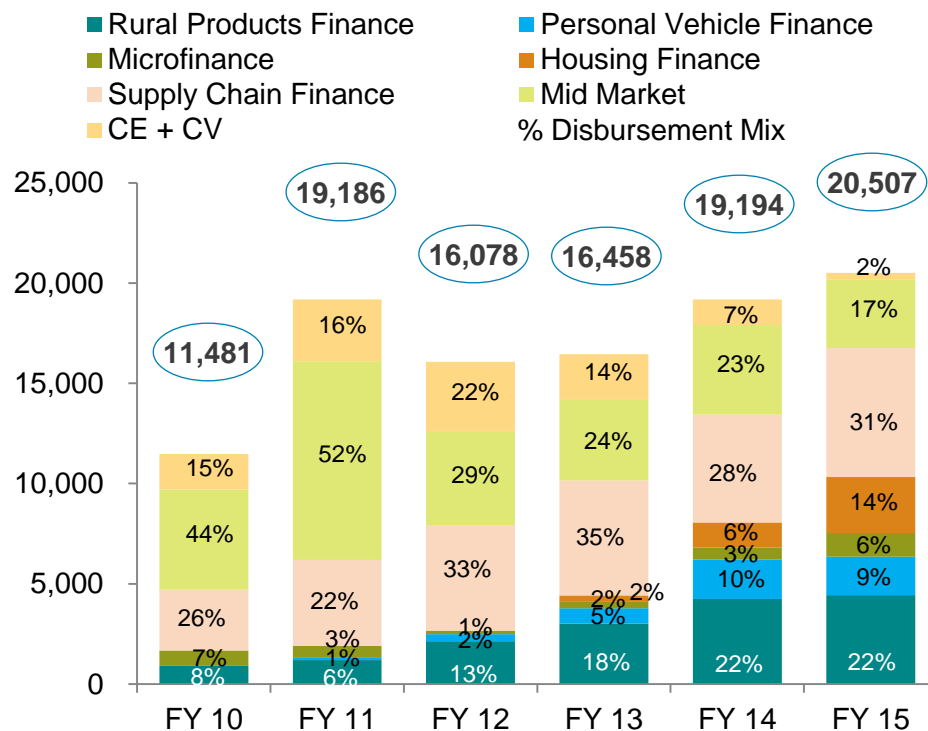
## PAT



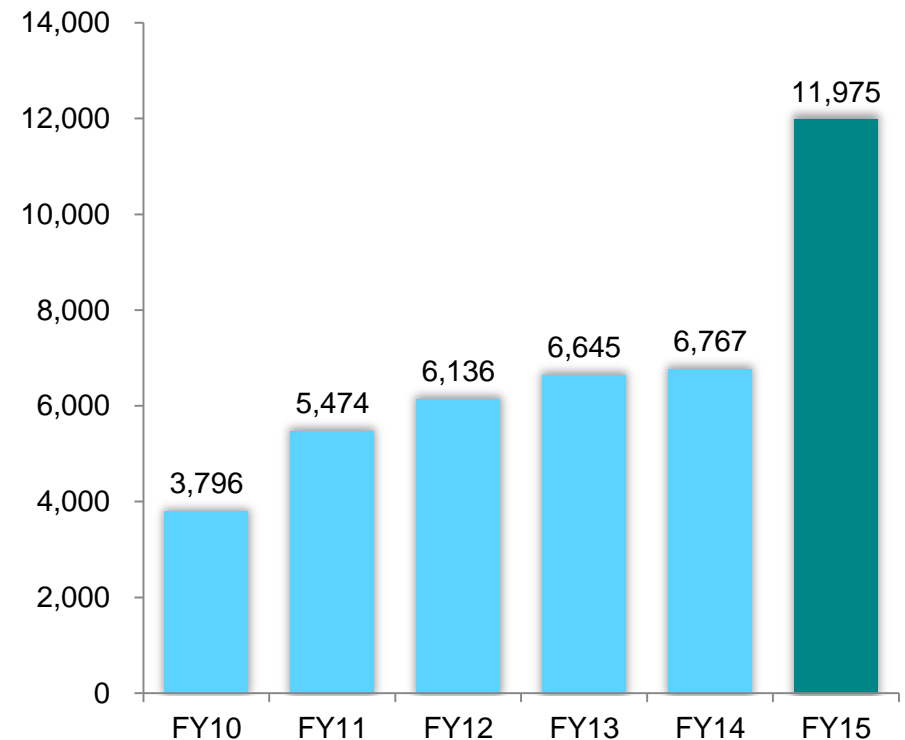
CAGR FY10 – FY15

# 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



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

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



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

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



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

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



**B. V. Bhargava**, *Independent Director*

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



**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



**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



**Thomas Mathew**, *Independent Director*

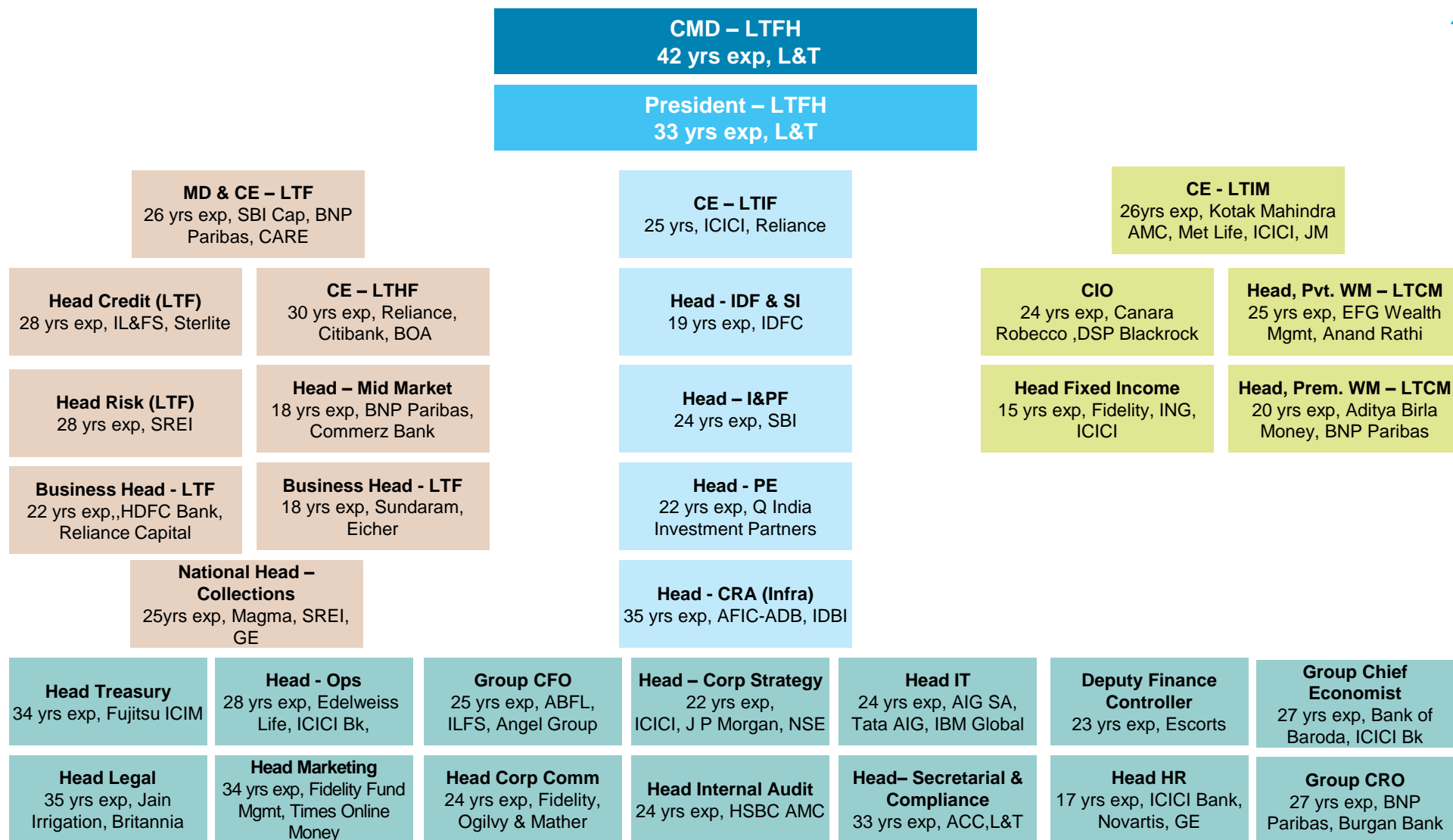
- Post graduate in Economics and Law graduate
- MD & CEO of Reinsurance Group of America for India, Sri Lanka and Bangladesh
- ~Four decades experience in Life Insurance, Retd. Current-in-Charge Chairman of LIC of India



**K. Rao**, *Independent Director*

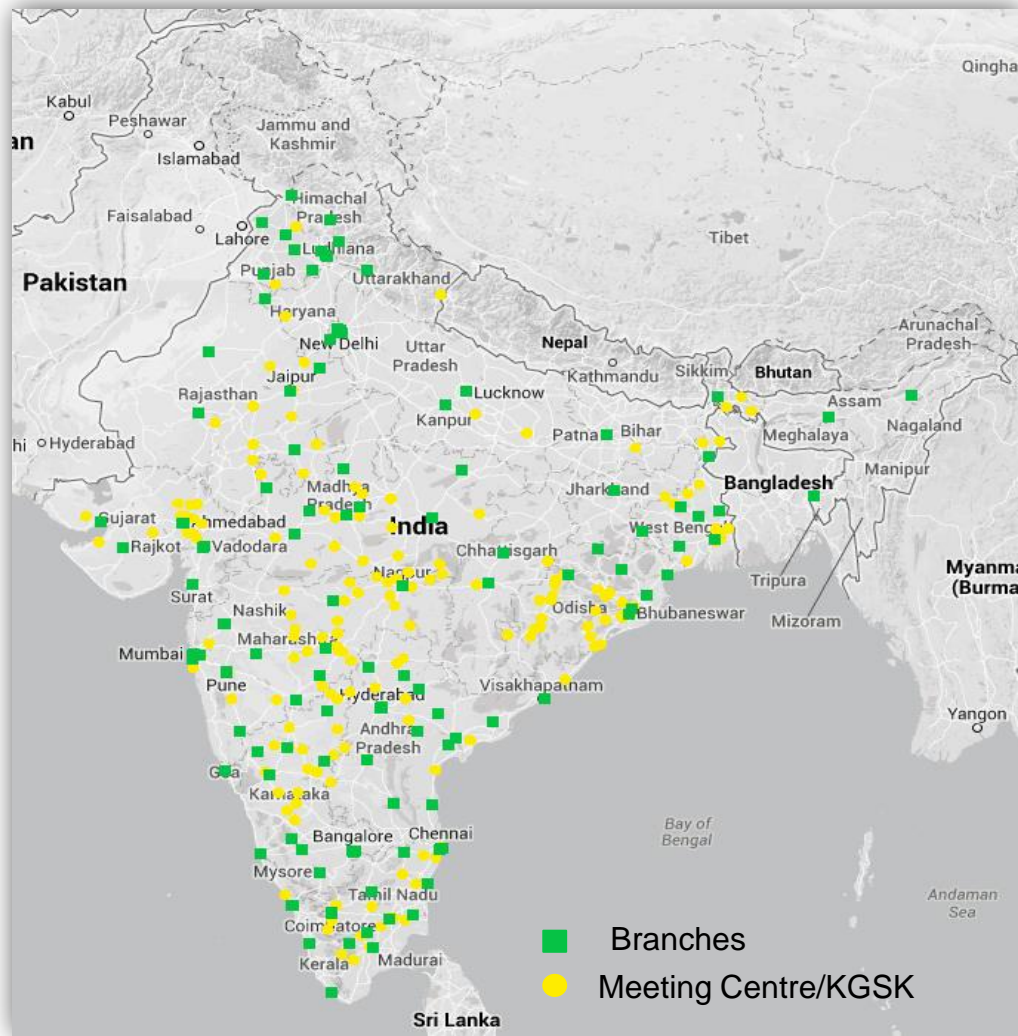
- B.A. from Harvard and MBA from UPenn
- Chartered Financial Analyst (CFA)
- 15+ years of experience as an investment professional with the Capital Group

# ... and an experienced management team





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



Mobile branches not shown

**700+ touch points including 200+ branches and 400+ meeting centres for LTFH NBFCs**

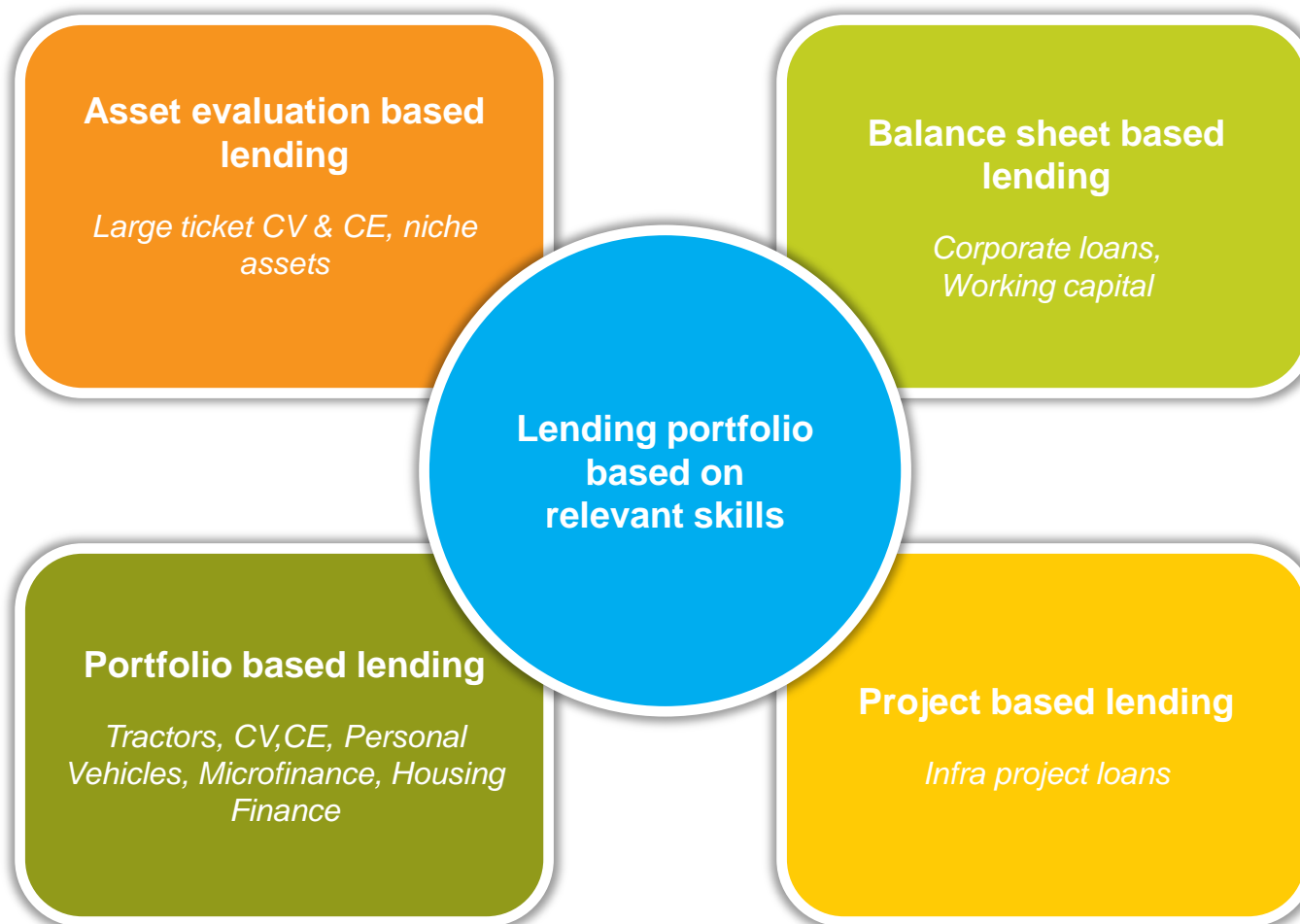
- Presence in **24 out of 29 states**
- 6 branches in North Eastern states
- Rural areas covered extensively

**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"> <li>Centralized framework for evaluation of loan proposals</li> <li>Strong Analytics team to constantly monitor portfolio and improve quality of sourcing and collection, active usage of credit bureaus</li> </ul>	<ul style="list-style-type: none"> <li>Proposals evaluated per internal model &amp; presented to central committee headed by external director to authorize proposals</li> <li>Regular portfolio review by risk management committee chaired by independent director</li> </ul>
Provisioning policy	<ul style="list-style-type: none"> <li>Potential foreclosure losses factored for retail loan provisioning</li> <li>NPAs up to 540 days - Difference between POS &amp; notional value of asset provided for</li> <li>NPAs beyond 540 days – Fully provided for</li> <li>100% provision against unsecured loans</li> </ul>	<ul style="list-style-type: none"> <li>SAP up to 35 bps</li> <li>Voluntary provision of 3% - 8% for identified assets</li> <li>New restructured standard assets – 5.0%</li> <li>Existing restructured standard assets – to enhance from 2.75% to 5.0% over 3 years</li> </ul>
Operational Risk	<ul style="list-style-type: none"> <li>Centralized loan authorization and disbursement</li> <li>Quality check for data and process compliance</li> <li>Centralized receipting to control frauds and leakages</li> <li>Change in payment mode- steady movement towards PDC/ECS</li> <li>Fully implemented PML and KYC verifications including negative profile filtering</li> </ul>	
ALM Strategy	<ul style="list-style-type: none"> <li>Combination of short term and long term borrowings to match yield and maturities</li> <li>Good mix of floating and fixed rate loans to manage basis risks</li> <li>Pricing matrix in place to price loans, with periodic review to capture interest rate movement</li> </ul>	

# 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 6 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

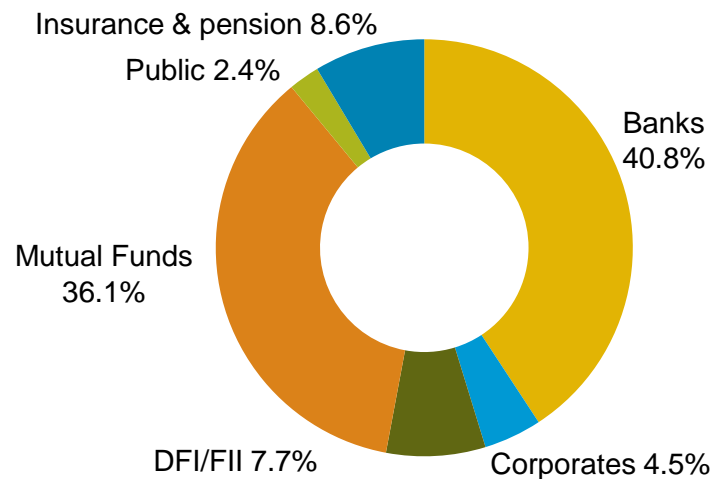
### **The boards at LTFH level and at the material subsidiary level have constituted the following committees to oversee specific areas:**

- 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

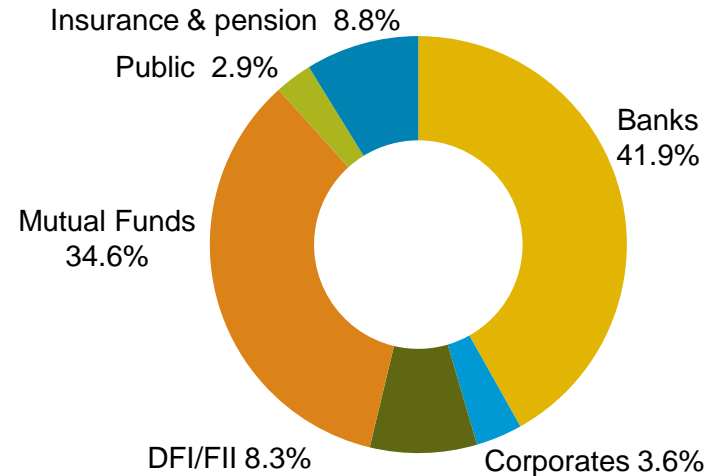
# Debt Composition – Source Wise

Retail Finance

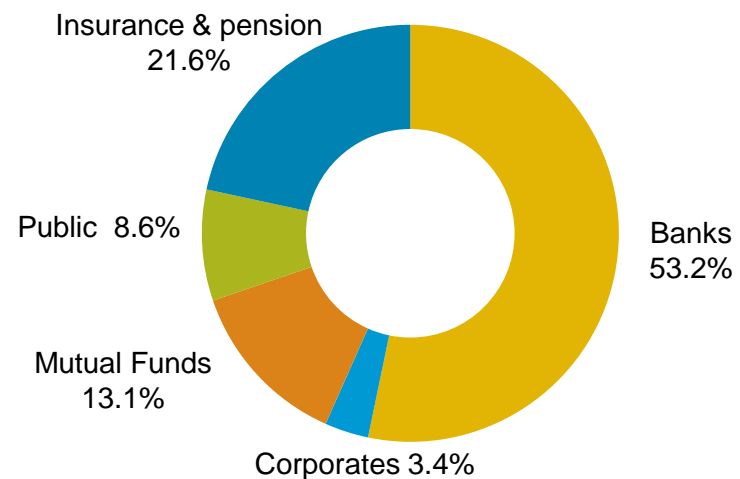
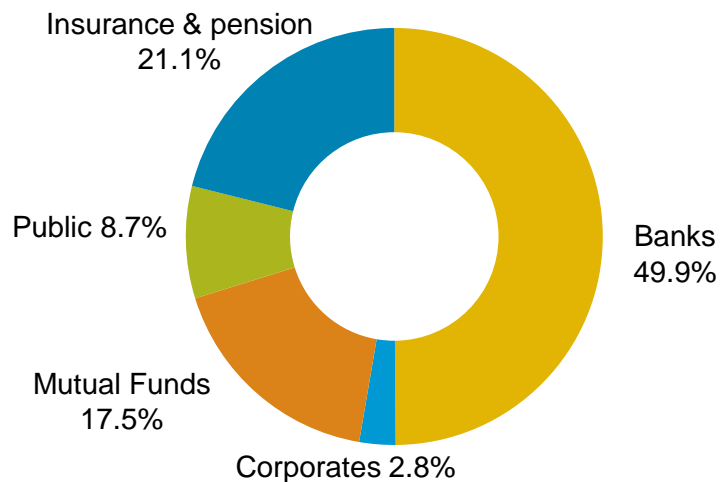
As on 30<sup>th</sup> Jun 2015



As on 30<sup>th</sup> Sep 2015



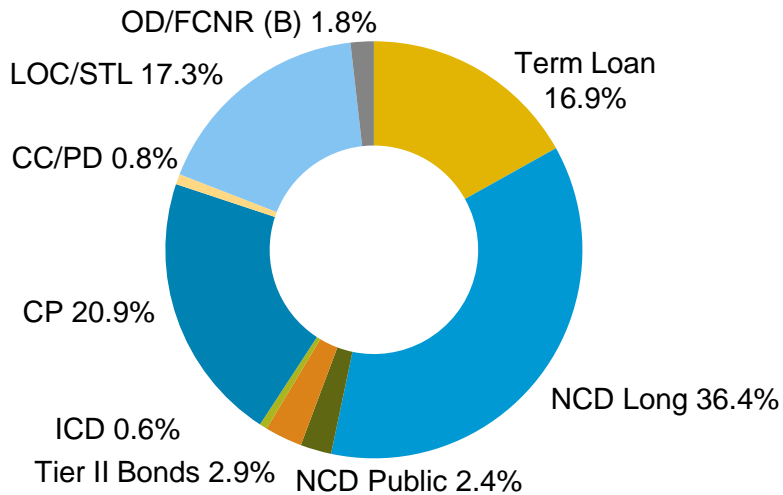
Wholesale Finance



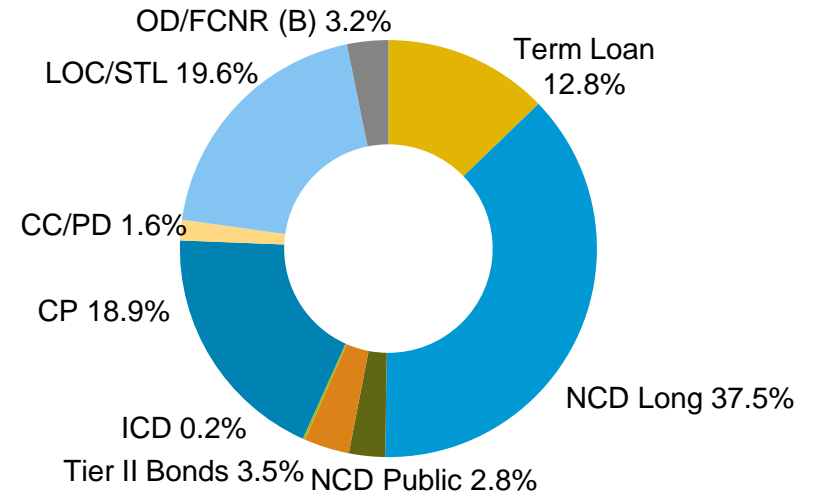
# Debt Composition – Instrument Wise

Retail Finance

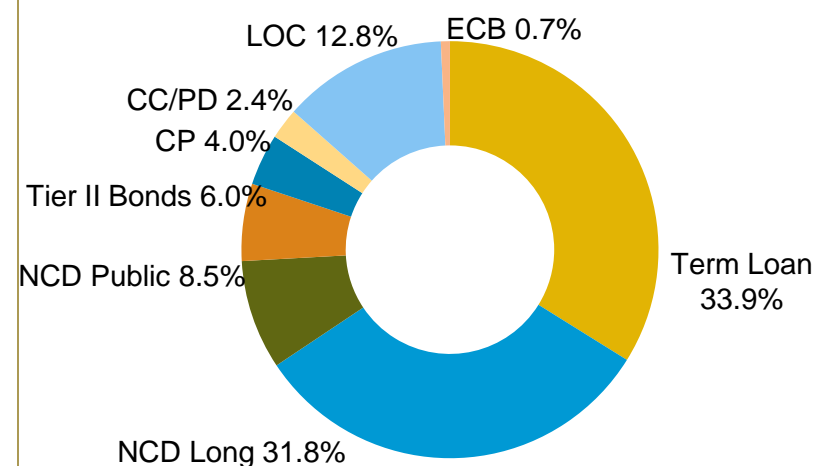
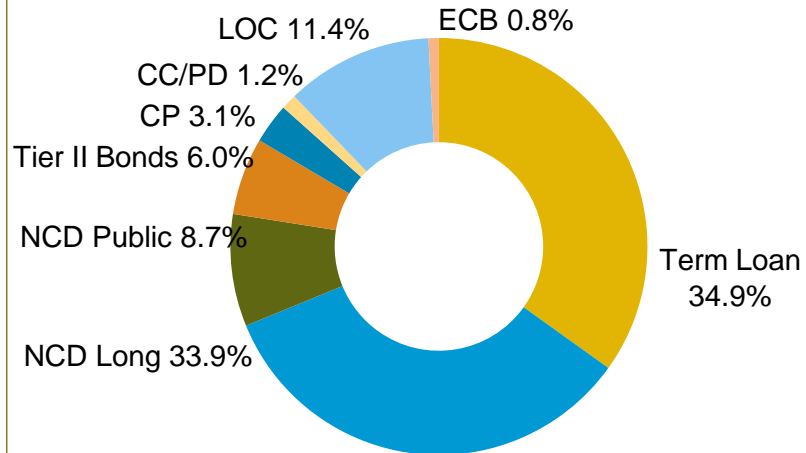
As on 30<sup>th</sup> Jun 2015



As on 30<sup>th</sup> Sep 2015



Wholesale Finance

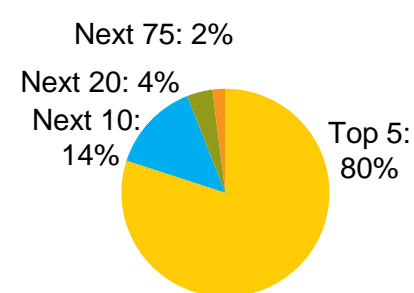
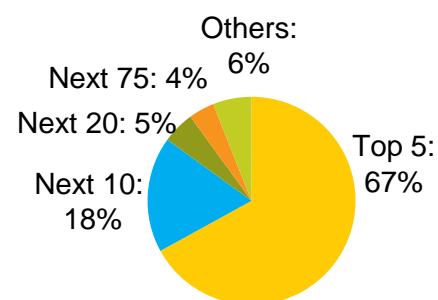
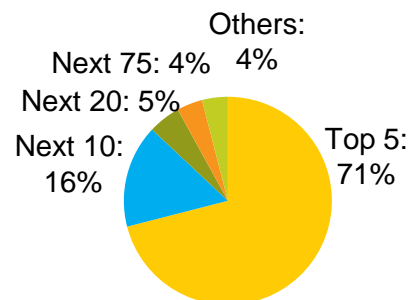


# AUM Disclosure

## Assets Under Management (Rs. Cr.)

	Quarter ended Sep, 2014		Quarter ended Jun, 2015		Quarter ended Sep, 2015	
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>
Income	7,146	8,124	6,819	6,697	7,213	7,418
Equity (Other than ELSS)	5,457	4,903	7,881	7,539	8,358	8,201
Balanced	0	0	0	0	0	0
Liquid	4,846	6,040	4,204	6,246	4,087	6,918
Gilt	68	70	69	65	78	71
Equity – ELSS	1,504	1,461	1,627	1,619	1,596	1,635
Gold ETF	0	0	0	0	0	0
Other ETF	0	0	0	0	0	0
Fund of Fund Overseas	68	75	42	47	34	38
<b>TOTAL</b>	<b>19,090</b>	<b>20,673</b>	<b>20,641</b>	<b>22,213</b>	<b>21,366</b>	<b>24,280</b>

### Geographical Split By Cities



<sup>1</sup> As on the last day of the Quarter

<sup>2</sup> Average AUM for the Quarter



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

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- PAT: ~ Rs. 48 bn<sup>1</sup>
- Market Capitalization: ~ Rs. 1,406 bn<sup>2</sup>

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



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- ✓ L&T in Top 10 'Best Indian Brands' - Interbrand & The Economic Times Survey, Jul 2013
- ✓ L&T: Ranked 58<sup>th</sup> amongst World's Most Innovative Companies – Forbes Magazine, Aug 2014
- ✓ L&T among India's Top 5 most respected companies – Business World, Aug 2013

<sup>1</sup> For year ended Mar 2015

<sup>2</sup> As on 23<sup>rd</sup> Oct, 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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***L&T Finance Holdings***