



Building to become
a comprehensive financial services player

Investor Presentation, Q3FY14



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Agenda

Introduction to L&T Finance Holdings

Key performance highlights

Performance and outlook, by business

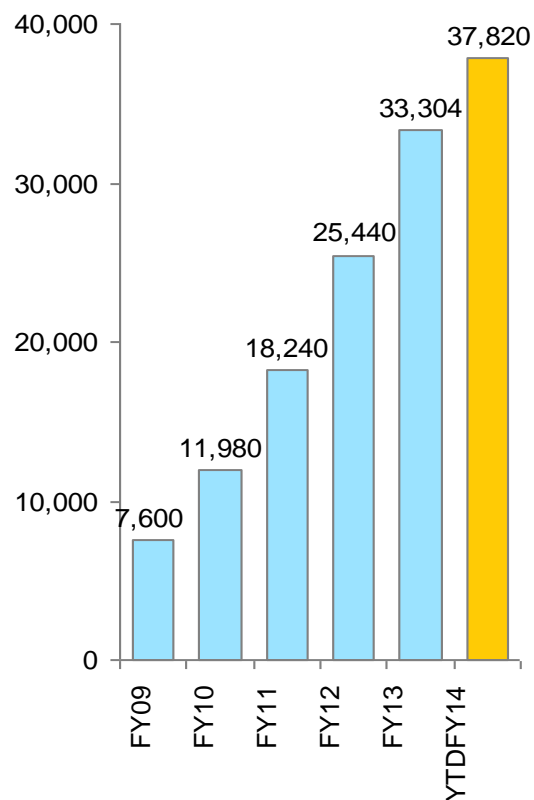
A leading player in the Indian financial services sector

- 1 INR 37,800 Crores asset book that has steadily grown over last five years, and a mutual fund business ranked #13 in the investment management space
- 2 Diversified product, customer and asset base spanning retail, mid-market and wholesale, with an extensive coverage of 700+ points of contact
- 3 Strong leadership with industry-leading governance standards, an independent board and highly experienced management team
- 4 Constant high-impact innovation, such as distribution with mobile vans, mobile sales force for door-step banking, multi-format branches
- 5 Consistent trajectory of expansion towards a comprehensive offering
- 6 Notable positive trends in industry, even as some pressures remain
- 7 Application for banking license to grow and deepen retail customer relationship and leverage a diversified funding source

Consistent and robust growth trajectory

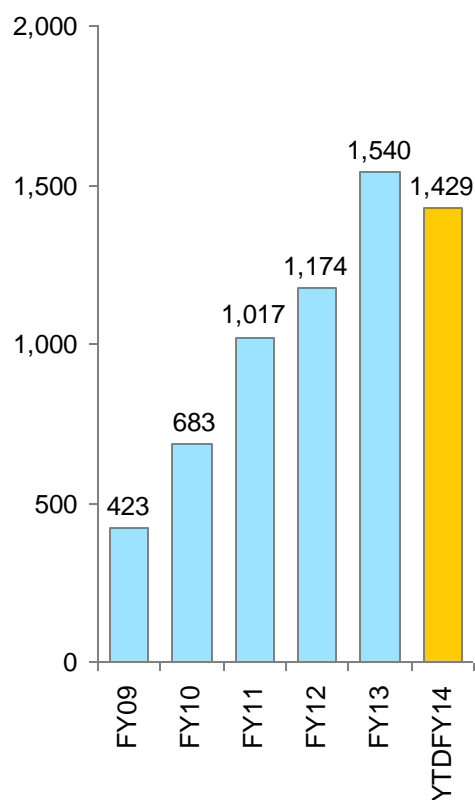
Loan advances

INR Crores



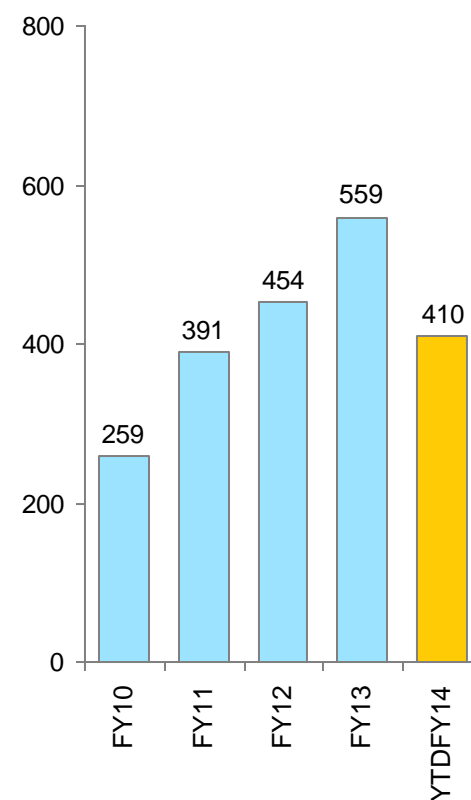
Net interest margin

INR Crores

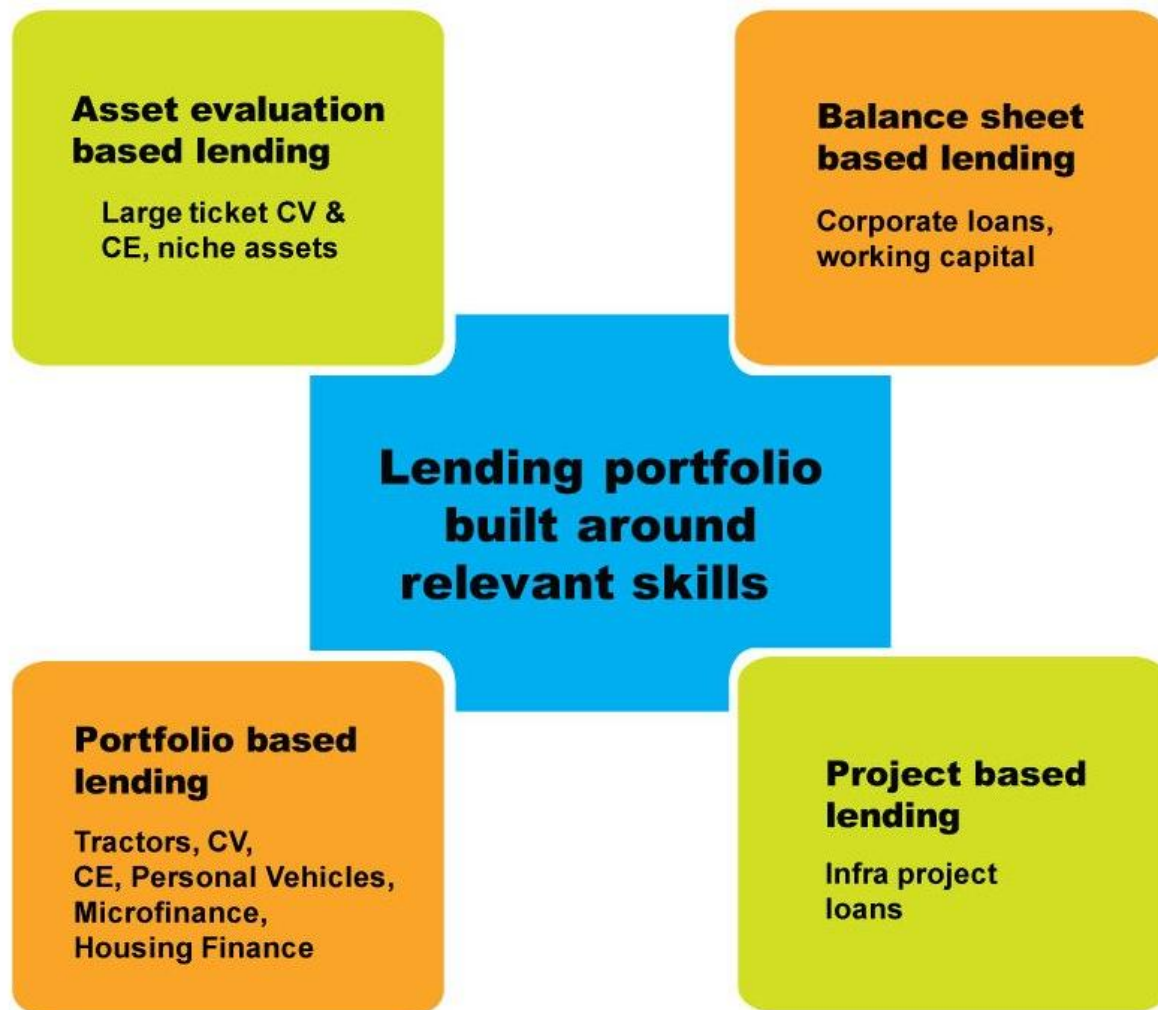


PAT

INR Crores

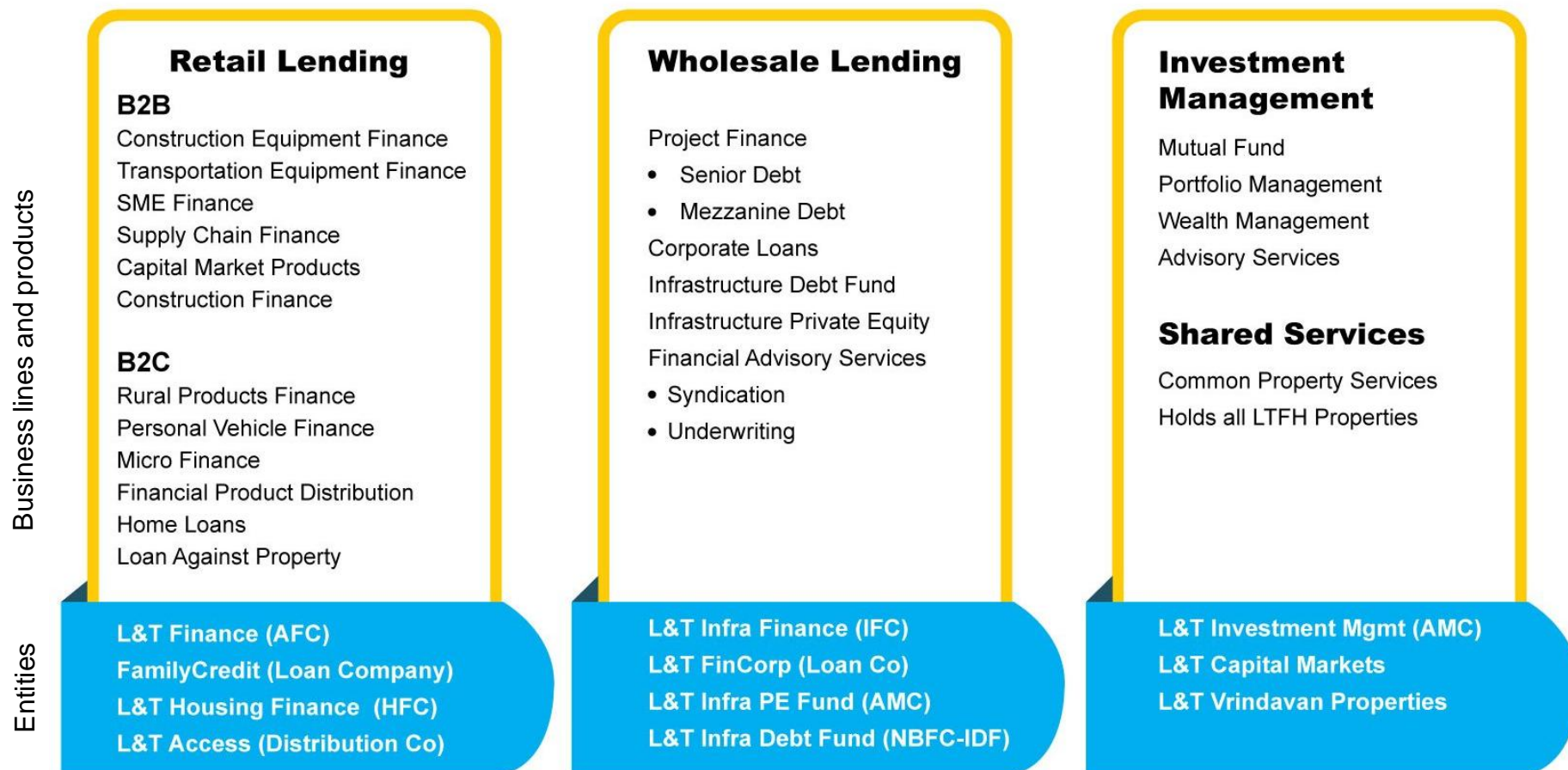


Lending business based on four key themes...



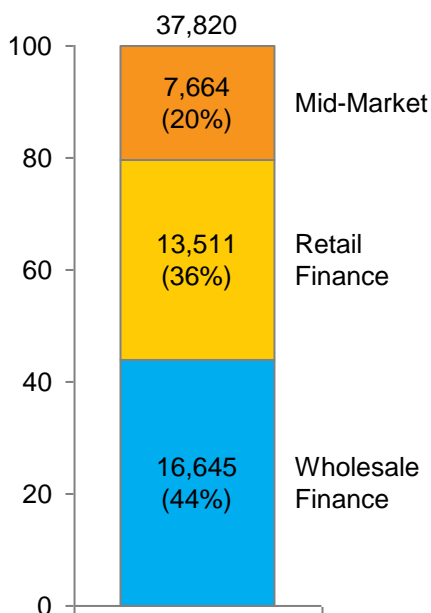
Collectively, a comprehensive product suite across three lines of business

L&T Finance Holdings

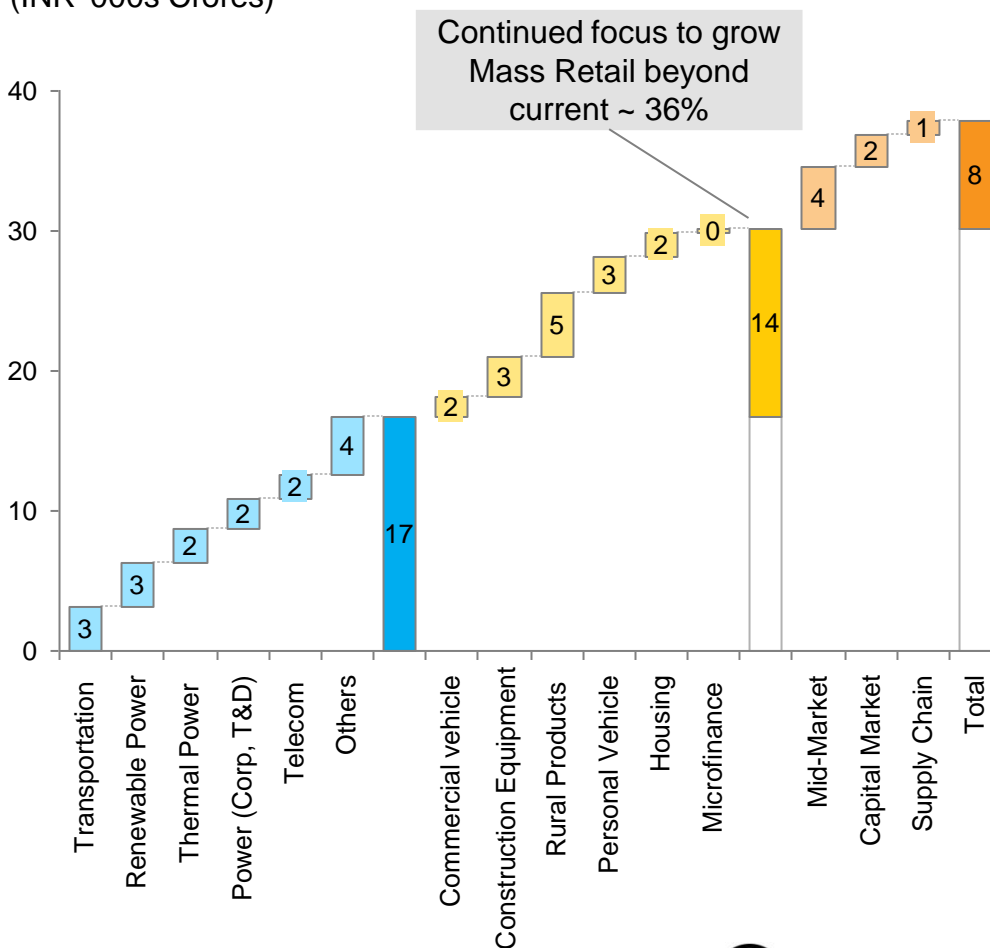


Assets diversified across customer segments, product families

Asset book by business
(INR Crores and %)

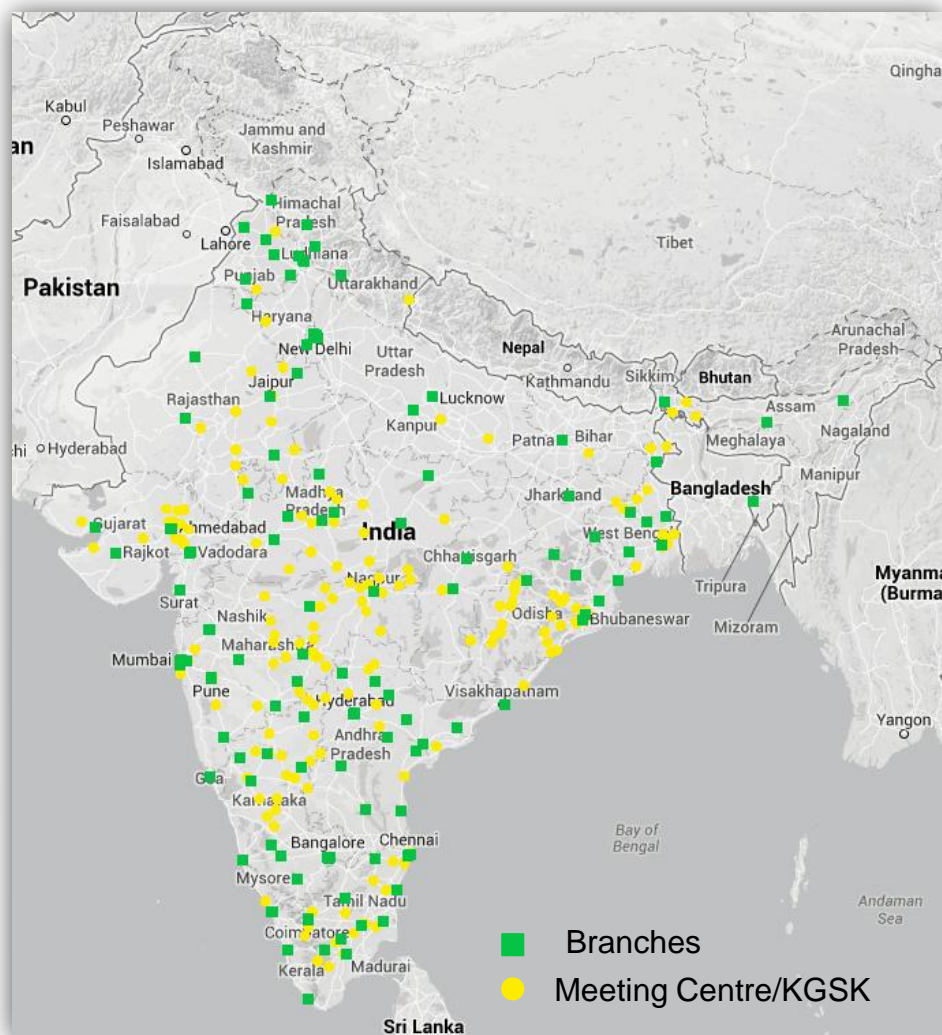


Asset book, by product
(INR '000s Crores)



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

Extensive footprint of 700+ points of presence across India



Mobile branches not shown

700+ touch points including 150+ branches, 190+ meeting centres, and 60+ KGSKs for LTFH NBFCs

- Presence in **23 out of 28 states**
- 3 branches in North Eastern states
- Rural areas covered extensively by Meeting Centres and *Kisan Gaurav Seva Kendras* (KGSK)

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



Leadership comprises a seasoned board of directors ...



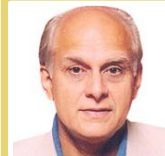
Y.M. Deosthalee, *Chairman and Managing Director*

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



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

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



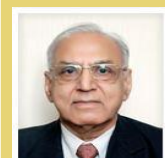
Harsh C. Mariwala, *Independent Director*

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



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



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, Audit Committee, LTFH
Chairman, Nomination & Remuneration Committee, LTFH

- CA; Cost Accountant, and a Certified Internal Auditor
- Masters in Management Studies from Uni. of Mumbai
- Chairman of Future Retail (formerly Pantaloon Retail)



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



A. K. Jain, *Independent Director*

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

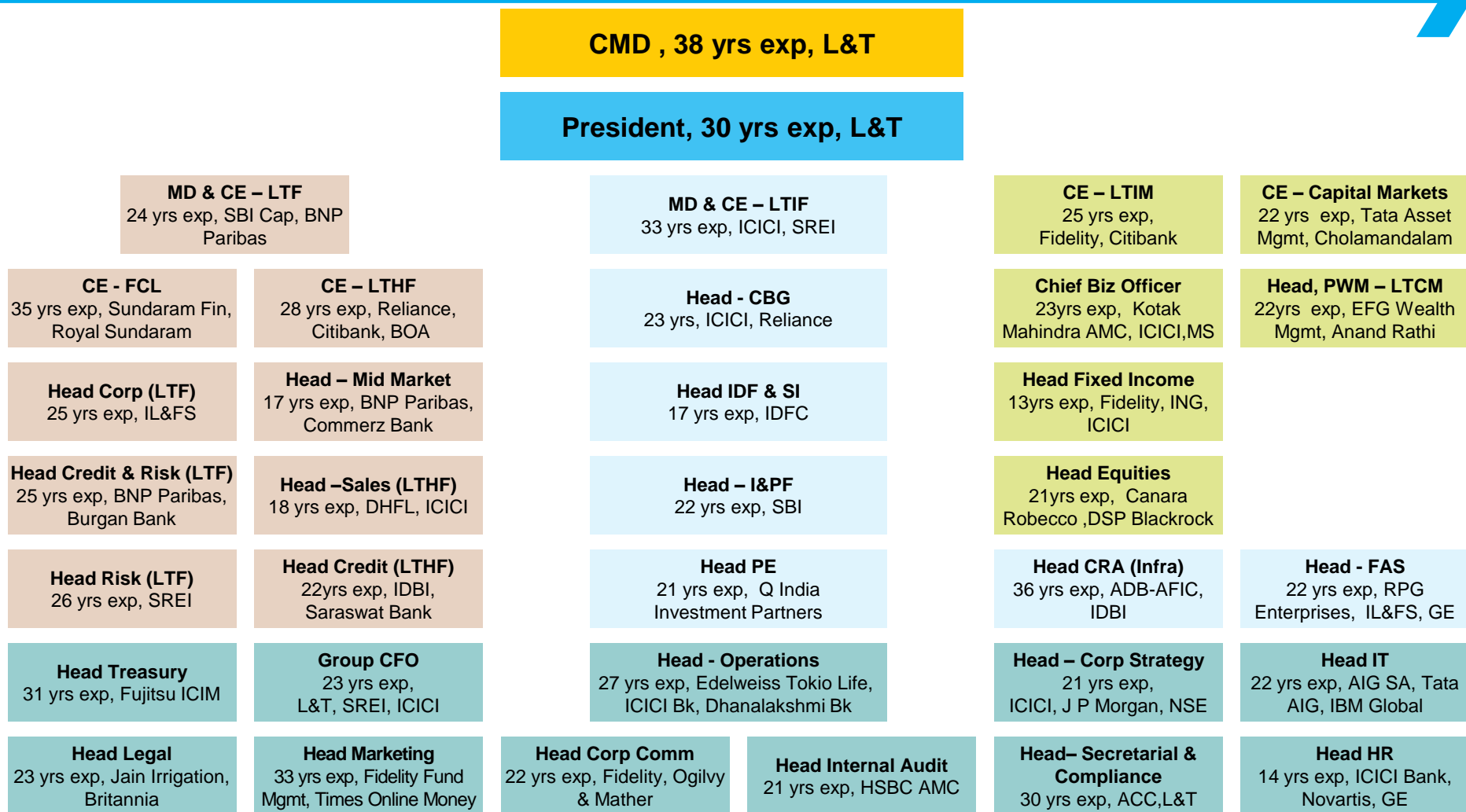


K. Rao, *Independent Director*

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

■ : Independent directors

... And an experienced management team



¹¹ CBG – Corporate Business Group SI – Strategic Initiatives IDF – Infrastructure Debt Fund
CSA – Corporate & Regulatory Affairs, PWM – Private Wealth Management I&PF – Infra & Project Finance

Continuous, market-leading innovations for efficiency and effectiveness

"Branch of One" to provide doorstep banking access



Advanced sales force extends footprint beyond branches

Sales force equipped with tablets and handheld scanners provide instant banking solutions

Easy video access to product experts

Mobile vans as branch extensions in rural areas



500+ "Gram Sampark" programs conducted per year

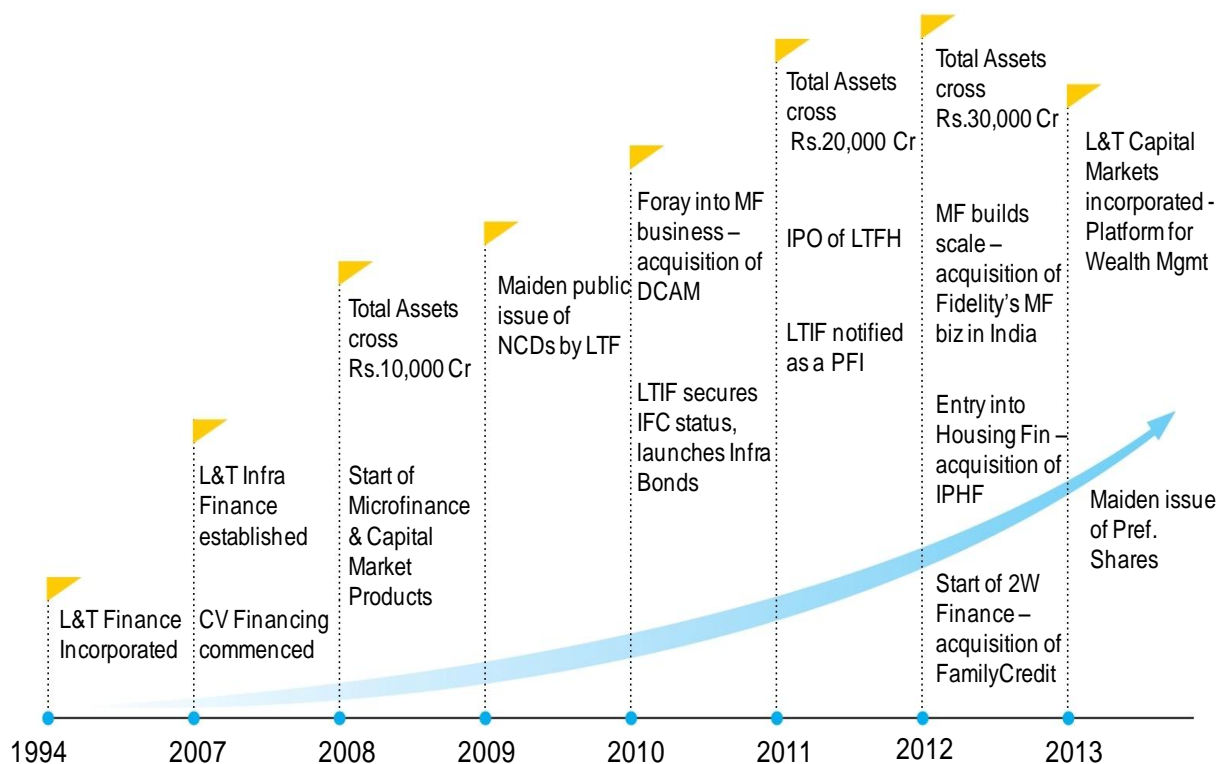
Customer education - key focus area

Each van covers 5 -10 villages

Route schedule based on repayment cycles

Building scale and a comprehensive financial services offer

Key Milestones



Building scale at compelling valuations and right risk profiles

Strong track record of assimilation and integration of assets, capabilities

Enabled through an under-levered balance sheet and strong stock price

2014 Industry Outlook – notable trends

Key challenges

Fiscal deficit target will constrain the government's planned expenditure and impact capex, consumption and liquidity

RBI expected to maintain current policy rates

- Sluggish economic growth with services PMI at 46.7 and manufacturing PMI at 50.3
- Core inflation continues to be high - 8.05% in December
- Long term interest rates expected to remain high

Liquidity expected to remain tight in Q4 due to

- Impending PSU disinvestments
- Rollover of oil and fertilizer subsidies
- Cyclical March-end liquidity crunch
- No new reforms expected prior to general elections

Power sector could be impacted by possible de-allocation of coal blocks allotted since 2005 and pull-back in demand on the back of low economic growth

Positive trends

Inflation moderates in December 2013 on the back of lower food inflation

- CPI based inflation at 9.87%, food inflation lower at 12.16% while WPI eases to 6.16%

Improving monetary situation

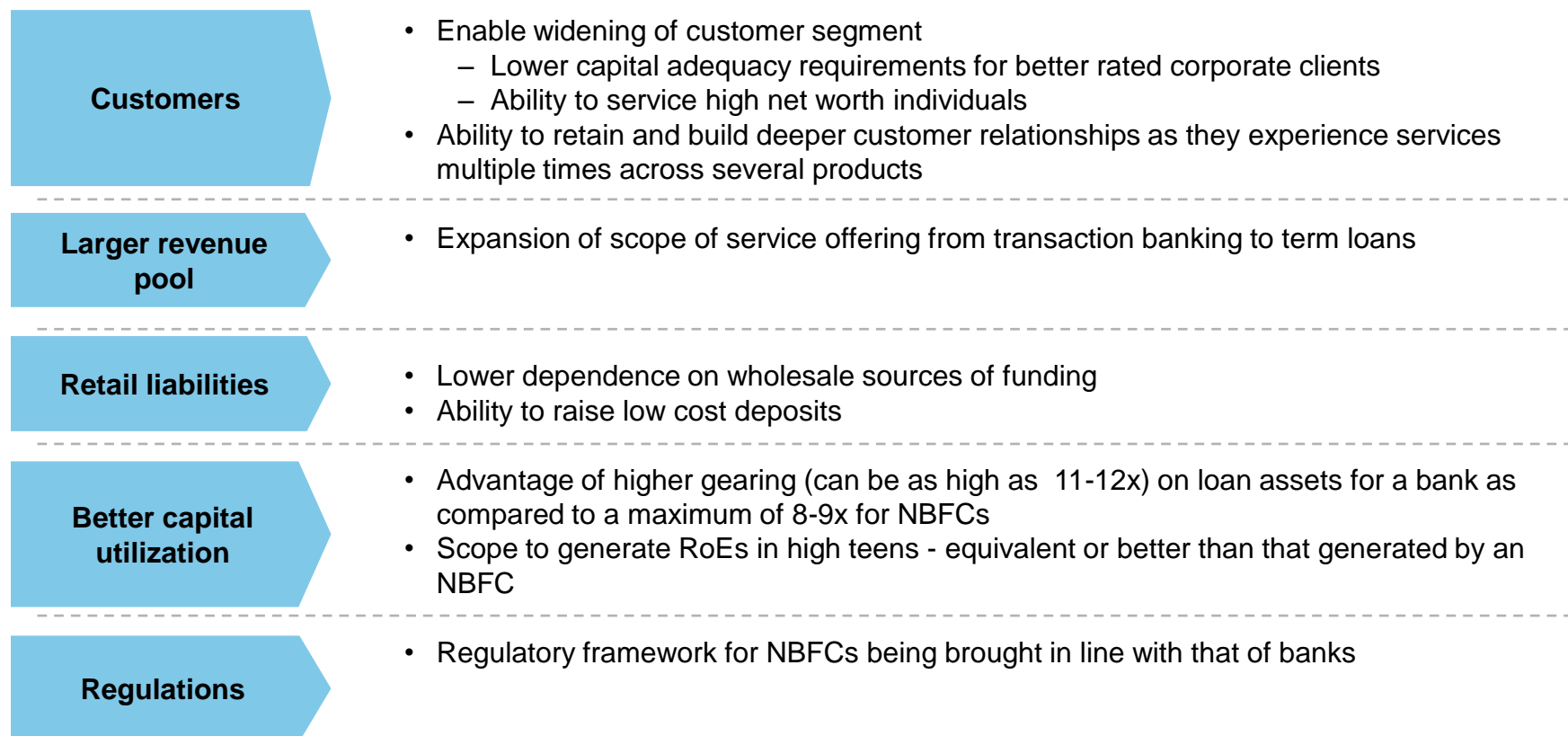
- Benign outlook for CAD on the back of pick-up in exports and substantial fall in gold imports
- Exchange rates have stabilized, QE tapering in US expected to keep rates elevated
- Reduction in MSF has softened short term interest rates and increased liquidity

Good monsoons expected to lead to bumper *Rabi* (spring harvest) crop

Long due clearances for projects by the CCI and the environment ministry expected to be positive in medium term

Signing of 7,500 MW of PPAs and integration of the southern grid with the national grid are positive for the power sector

Application to the RBI for a banking license



Having built a comprehensive portfolio, banking a logical next step in our financial services journey

Implications of conversion to a bank

LTFH as promoter	<p>NOFHC to be 100% owned by LTFH which in turn will hold the bank</p> <p>All lending businesses will need to be merged into the bank</p>
Adherence to regulatory norms	<p>CRR/SLR norms will have to be met from Day One</p> <ul style="list-style-type: none"> • There is scope to effectively manage transition of existing businesses into the bank • Lease/hire purchase business, IDF, AMC, PWM, Insurance can remain out of the bank <p>PSL norms and 25% of branches in rural areas</p> <ul style="list-style-type: none"> • PSL obligations an opportunity; scope to build on the existing PSL book in our portfolio • Leverage existing understanding of the rural markets gained through the 700+ points of presence to set up rural branches
Impact on returns	<p>Initial capital infusion low to minimal</p> <ul style="list-style-type: none"> • Investments to set up best-in-class technology platform, systems and risk management processes would be an ongoing process • Net worth of existing NBFCs would be utilized towards opening capital of the bank • 25% rural branches would invite minimal incremental investment • Returns would be slightly subdued in the near term <p>Initial negative carry on CRR/SLR depending on deposit costs and SLR yields</p> <p>Impact of stringent NPA recognition norms mitigated by additional provisions in NBFCs</p> <p>Ability to build out CASA enabled by carrying forward NBFC retail capabilities and brand, optimum use of increased leverage and reaping benefits of expanded scope of business</p>

Long term advantages and vision of being a comprehensive financial player outweigh short term challenges

Agenda

Introduction to L&T Finance Holdings

Key performance highlights

Performance and outlook, by business

Highlights of LTFH performance from Q3FY14

Key Focus Areas

Retail & Mid market finance

- Strategic shift towards B2C continues to pay
 - Healthy growth in rural products continue
 - Key acquisitions made in FY13 – Family Credit and Indo-Pacific Housing Finance aid momentum in growth
- Caution in lending to B2B (mid-market, construction equipment and commercial vehicle) segments to maintain asset quality
 - Selective in incremental disbursements

Wholesale finance

- Close monitoring of credit quality of assets
- Focus on addition of operational and non-infra assets
- Commencement of IDF – NBFC business

Investment Management business

- Build scale with a desirable asset-mix and ensure tight cost controls to improve profitability
- Strategic acquisition and successful integration of Fidelity MF aids in achieving break even on run rate basis

Highlights of LTFH performance from Q3FY14

Healthy 21% Y-o-Y growth in loan assets with disbursement growth at 15% Y-o-Y in a challenging environment

Retail finance saw improved NIMs, while NIMs in Wholesale segment impacted by Restructured Assets

Asset quality under stress – slippages in CE/CV/Corporate and increase in restructured cases during Q3

- Credit costs at elevated levels; gradual improvement expected from Q4FY14

TTM ratios demonstrate improving trends on most parameters

Improvement in financial performance of the AMC continues – has achieved break even on a run-rate basis while continuing on its growth path

Summary Financial Performance – Key Operating Entities

Lending Businesses (Retail and Mid-Market, Wholesale, Housing Finance)

Q3FY13	YTDFY13	FY13	Rs. Crores	Q2FY14	Q3FY14	YTDFY14	9M v/s 9M
31,231	31,231	33,301	Loans and Advances	35,459	37,820	37,820	21%
6,656	15,556	22,995	Disbursements	5,544	6,422	17,826	15%
380	1,091	1,540	NIM	471	487	1,429	31%
304	846	1,214	Contribution before credit cost	372	330	1,048	24%
136	407	613	PAT	178	129	461	13%
5.28%	5.32%	5.34%	NIM (%)	5.38%	5.32%	5.41%	-
2.39%	2.39%	2.03%	Gross NPA (%)	2.89%	2.93%	2.93%	-
11.74%	12.24%	13.31%	ROE (%)	12.29%	8.55%	10.71%	-

Investment Management

12,064	12,064	11,169	Average AUM	15,079	17,003	17,003	41%
(14.3)	(29.0)	(44.9)	PAT before amortization	1.7	1.3	(0.4)	-

- Robust growth in loan assets largely on account of B2C segment and opportunities in operating assets in infra sector
- Dip in NIMs in Q3 due to non-accrual of interest on restructured assets
- Contribution before credit cost in Q2 was higher on account of gains on liquid investments and sale of equity assets
- Higher credit costs impact PAT growth
- Growth in AAUM for the investment management business due to strong net sales performance

Notes : Q3FY13 and YTDFY13 numbers (except loans and advances) do not include FamilyCredit

Summary Financial Performance – LTFH Consolidated

Q3FY13	Particulars (Rs. Crores)	Q2FY14	Q3FY14	Y-o-Y
118	PAT (before exceptional items)	156	110	(7)%
295	PAT	156	110	-

YTDFY13	Particulars (Rs. Crores)	FY13	YTDFY14	Y-o-Y
383	PAT (before exceptional items)	559	410	7%
559	PAT	731	410	-

Q3FY13	FY13	Summary BS (Rs. Crores)	Q2FY14	Q3FY14	Y-o-Y (%)
5,415	5,485	Net worth (excluding preference capital)	5,758	5,859	8%
27,063	28,292	Borrowings	32,069	32,416	20%

Rs. Crores	Net worth
Retail Lending	3,170
Wholesale Lending	2,902
Investment Management	570

Agenda

Introduction to L&T Finance Holdings

Key performance highlights

Performance and outlook, by business

Retail and Mid-Market Finance – Market scenario and outlook

Segment	Outlook				
Rural Products	<ul style="list-style-type: none">Tractor sales clocked impressive growth of 23% during Apr-Dec due to good monsoons in most of the statesTractor industry expected to grow by 8%-10% in FY15 (Source: TMA)				
Construction Equipment	<ul style="list-style-type: none">De-growth in excess of 20 % due to pending policy decisions, non-release of funds in approved projects, land acquisition/environmental clearance issues and relatively higher interest rates.				
Auto & Transportation	<ul style="list-style-type: none">2W Sales picked up, expected to maintain in Q4FY14Big drop in CV segment due to slowdown in economic activity and stagnant freight rates; negative impact felt in the LCV segment as wellHigher interest rates, fuel cost and ownership costs continue to dampen personal vehicle sales	Segment (SIAM)	FY13 Growth (%)	Q2FY14 Growth (%)	FY14 Projection (%)
		Cars	(6.7)%	(4.9)%	(3.0%-5.0%)
		UV	52.0%	(4.3)%	(3.0%-5.0%)
		LCV	14.0%	(13.9)%	(7.0%-8.0%)
		MHCV	(23.0)%	(26.9)%	(22.0%-25.0%)
		CV (Total)	(2.0)%	(18.3)%	(17.0%-19.0%)
Microfinance	<ul style="list-style-type: none">Strong demand continues; regions affected by Cyclone Phailin may see some dip in asset quality and demand	2W	2.9%	5.4%	6.0%-8.0%
Mid-Market	<ul style="list-style-type: none">Economic slowdown has resulted in longer working capital cycles and a weak investment climateCredit downgrades outpace upgrades, largely due to demand slowdown and liquidity issues – CRISIL downgraded 478 companies, upgraded 417 companiesCredit appetite from mid and large corporates subdued due to risk aversion, cost and time overruns in existing projects, high leverage and deteriorating cash flowsImprovement in macro-economy key to reversal of current downtrend in credit quality				

Focus on B2C (Rural Products, Personal Vehicle). Selective lending to B2B (Corporate, CE, CV)

Retail and Mid-Market Finance – Performance by product

DISBURSEMENTS

Q3FY13	YTDFY13	FY13	Rs. Crores	Q2FY14	Q3FY14	YTDFY14	9M v/s 9M
935	2,144	3,011	Rural Products Finance	874	1,367	3,141	46%
145	347	770	Personal Vehicle Finance ¹	489	526	1,460	321%
80	195	314	Microfinance	159	140	394	102%
440	1,145	1,515	Construction Equipment Finance	212	213	682	-40%
171	623	768	Transportation Equipment Finance	151	84	411	-34%
1,450	4,265	5,728	Supply Chain Finance	1,251	1,290	3,875	-9%
640	1,679	2,343	Mid-Market Loans and Leases	330	591	1,566	-7%
494	1,016	1,683	Capital Market Products	330	541	1,296	28%
4,354	11,413	16,131	Total	3,798	4,752	12,828	12%

LOANS & ADVANCES

Q3FY13	Q3FY13 (%)	FY13	Rs. Crores	Q2FY14	Q3FY14	Q3FY14 (%)
3,123	18%	3,445	Rural Products Finance	3,977	4,616	24%
1,975	11%	2,072	Personal Vehicle Finance ¹	2,349	2,540	13%
179	1%	217	Microfinance	304	332	2%
3,145	18%	3,019	Construction Equipment Finance	2,639	2,751	14%
2,033	12%	1,935	Transportation Equipment Finance	1,698	1,539	8%
1,026	6%	1,129	Supply Chain Finance	924	968	5%
4,425	25%	4,624	Mid-Market Loans and Leases	4,829	4,633	24%
1,743	10%	1,708	Capital Market Products	2,073	2,229	11%
17,649	100%	18,148	Total	18,793	19,609	100%

Disbursement growth continues to be driven by B2C products – rural products and personal vehicle finance

Notes:

1. Q3FY13 and YTDFY13 disbursement numbers do not include FamilyCredit

Retail and Mid-Market Finance – Summary Financials

Q3FY13 ¹	YTDFY13 ¹	Summary P&L (Rs. Crores)	Q2FY14	Q3FY14	YTDFY14	Y-o-Y 9M v/s 9M	FY13	TTM
562	1,630	Interest Income	705	727	2,089	28%	2,276	2,736
341	987	Interest Expense	411	424	1,206	22%	1,358	1,577
221	642	NIM	294	303	883	38%	918	1,158
12	30	Fee Income	10	9	29	-4%	47	46
88	256	Operating Expense	126	140	382	49%	372	498
145	417	Contribution before credit cost	178	172	530	27%	592	706
75	186	Credit Cost	73	91	244	31%	247	306
52	163	PAT	69	63	206	26%	262	305
4,354	11,413	Disbursements	3,798	4,752	12,828	12%	16,132	17,546

Q3FY13	FY13	Summary BS (Rs. Crores)	Q2FY14	Q3FY14	Y-o-Y (%)
17,649	18,149	Gross Loans & Advances	18,793	19,608	11%
15,546	15,056	Borrowings	16,491	16,696	7%
2,716	2,825	Networth	2,803	2,874	6%
490	449	Gross NPAs	633	685	
268	237	Net NPAs	370	446	

- Consistent improvement in NIMs over the last few quarters
- Opex includes one time integration related costs of Rs. 6.3 Crores for Q3 (Rs. 13.6 Crores for 9M period)
- As of December 2013, provision over RBI norms is Rs. 156.1 Crores with assets worth Rs. 39.9 Crores lying in repossessed stock

Retail and Mid-Market Finance – Key ratios

Q3FY13 ¹	YTFY13 ¹	Key Ratios	Q2FY14	Q3FY14	YTFY14	FY13	TTM
14.22%	14.20%	Yield	14.55%	15.14%	14.66%	14.06%	14.61%
9.80%	9.88%	Cost of Funds	10.29%	10.21%	10.10%	9.77%	9.95%
5.59%	5.60%	Net Interest Margin	6.27%	6.32%	6.26%	5.67%	6.24%
0.30%	0.26%	Fee Income	0.21%	0.19%	0.20%	0.29%	0.25%
2.21%	2.23%	Operating Expenses	2.70%	2.91%	2.71%	2.30%	2.69%
3.68%	3.63%	Contribution before credit cost	3.81%	3.59%	3.76%	3.66%	3.80%
1.89%	1.62%	Credit Cost	1.57%	1.89%	1.74%	1.53%	1.65%
8.43%	9.12%	Return on Equity	9.89%	8.89%	9.71%	10.38%	10.86%
1.18%	1.31%	Return on Assets	1.39%	1.23%	1.38%	1.50%	1.54%
5.82	5.82	Gearing	5.88	5.81	5.81	5.33	5.81
2.16%	2.16%	Gross NPA %	3.42%	3.54%	3.54%	2.50%	3.54%
1.65%	1.65%	Net NPA %	2.03%	2.34%	2.34%	1.34%	2.34%
14.40%	14.40%	CRAR (Tier 1)	14.23%	14.04%	14.04%		
2.05%	2.05%	CRAR (Tier 2)	1.90%	1.90%	1.90%		
16.44%	16.44%	CRAR (Total)	16.13%	15.93%	15.93%		

- NIMs continue to show improvement as a result of conscious focus on retail assets and personal vehicle finance
- Drop in RoE despite NIM improvement due to increase in opex and credit costs
 - Increase in opex in Q3 largely due to one-time costs for integration of FamilyCredit
 - GNPA increase mainly due to stress in the construction equipment and commercial vehicle segments
- Outlook for Q4 – Opex expected to stabilize at Q2 levels and credit cost is expected to subside

1. Ratios are excluding FamilyCredit for Q3FY13 and YTFY13
Credit costs include provisions, write offs, foreclosure losses, interest provisions/reversals

Housing Finance – Key focus areas and highlights

Key Focus Areas

- Achieve a balanced portfolio mix between Home Loans, Loan Against Property (LAP) and Construction Finance (Residential Construction)
- Maintain disbursement momentum in the 15 operational markets
- Focus on enhancing customer service through the inbound call center

Acquisition of Mortgage Loan Portfolio

- Housing Finance business acquired a mortgage loan portfolio via assignment route
 - POS of ~Rs 698 Crores (of which ~Rs. 126 Crores is booked in FamilyCredit), with LAP amounting to ~76% of acquired portfolio, improving the overall yield
- Rationale for acquisition –
 - Gives meaningful size and improves the market standing within a year of operations
 - Efficient capital utilization – no additional infusion required to support the portfolio
 - Widens the reach – customers spread across 68 cities and 16 states
 - Better absorption of overheads, existing team to oversee portfolio servicing

Housing Finance – Summary Financials

Book Composition	Q3FY13	Q4FY13	Q1FY14	Q2FY14	Q3FY14
Home Loans	82%	65%	56%	53%	51%
LAP	18%	30%	31%	31%	39%
CF	-	5%	13%	16%	10%

Q3FY13 ¹	Q4FY13	Particulars (Rs. Crores)	Q1FY14	Q2FY14	Q3FY14
195	326	Loan Book	520	787	1,567
31	140	Disbursements	206	294	334
1%	0.7%	GNPA (%)	0.4%	0.3%	0.6%
0.7%	0.2%	NNPA (%)	0.1%	0.1%	0.4%
1	(0.9) ²	PAT	2	3	(3)
144	143	Networth	295	298	296
0.4	1	Gearing	0.6	2	4

- Momentum in disbursements continues with 24.5% growth in Q3 over Q2
- Increase in GNPA in Q3 on account of specific liquidity stress seen in few accounts, expect improvement in Q4FY14
- Losses for Q3 on account of transactions related costs of Rs. 2.3 Crores and one time standard asset provision of Rs. 1.9 Crores for the acquired portfolio

Notes:

1. Figures for the period from Oct 9, 2012 to Dec 31, 2012

2. PAT includes exceptional expenses amounting to Rs. 3.8 Cr towards bonus paid to IPHF employees

USD 1 Billion ~ INR 6100 Crore

Wholesale Finance – Market scenario and outlook

Segment	Outlook
Thermal Power	<ul style="list-style-type: none"> • Almost 7,000 MW of PPAs signed under Case I bid by TN, UP & Rajasthan in this financial year • Southern grid interconnection is a step further towards achieving synchronisation with the national grid • Electoral compulsions for downward revision of power tariff in Delhi likely to put pressure on other discoms • Court-mandated CBI investigations into Coal Block allocations continues to delay mining - Apr-Oct 2013 import of coal for power generation jumped 28%
Renewable Energy	<ul style="list-style-type: none"> • Limited pipeline of new projects due to uncertainty over PPAs • Upward revision of RPO limits and stricter enforcement is the need of the day to keep the investment flowing
Roads	<ul style="list-style-type: none"> • Negative traffic growth rates and high interest rates impacting road projects cash flows. • Land acquisition and environmental issues continue to affect implementation of road projects • No new green-field projects awarded by NHAI in this financial year - significant slowdown in fresh investments
Telecom	<ul style="list-style-type: none"> • Data usage which has nearly doubled in the last year is expected to drive incremental growth in the sector • Telecom operators' financial/operational metrics expected to improve with increasing tariff and expected consolidation going forward • Clarity still required on M&A, spectrum sharing and auction
Others	<ul style="list-style-type: none"> • Delay in payment of dues and slower arbitration process with government agencies continue to exert pressure on liquidity situation of contractors • Lack of new order release from government agencies in a move to cut back/postpone fiscal spend is negatively effecting capex cycle • Land acquisition bill likely to increase project costs for developers

Focus on non-infra and operational assets across sectors

Wholesale Finance – Asset volumes, by product

DISBURSEMENTS

Q3FY13	YTD FY13	FY13	Rs. Crores	Q2FY14	Q3FY14	YTD FY14	YTD '14 v/s YTD'13
208	412	697	Thermal Power	87	382	549	33%
249	715	1,290	Renewable Power	232	101	635	-11%
51	307	960	Power – Corp ¹ + T&D	87	66	648	111%
287	867	1,542	Transportation	638	231	1,154	33%
945	987	987	Telecom	16	21	43	-96%
530	823	1,169	Others ²	393	535	1,135	38%
2,271	4,112	6,645	Total	1,452	1,336	4,164	1%

LOANS & ADVANCES

Q3FY13	FY13	Rs. Crores	Q2FY14	Q3FY14	% Composition
1,841	2,133	Thermal Power	2,083	2,435	15%
2,585	3,078	Renewable Power	3,183	3,079	18%
1,349	1,866	Power – Corp ¹ + T&D	2,215	2,118	13%
2,236	2,328	Transportation	2,966	3,204	19%
1,890	1,856	Telecom	1,816	1,768	11%
3,483	3,573	Others ²	3,615	4,041	24%
13,384	14,834	Total	15,878	16,645	100%

Portfolio Break Up

Corporate 33%

Projects 63%

Operating 32%

U/C 31%

Equity & Investments 4%

- Top 10 borrowers represent 19 % of the outstanding
- Top 10 borrower groups form 25 % of outstanding

Continue to be selective in lending to new projects, focus continues to be on high quality, larger-ticket relationships

Notes: 1. Corporate loans to Power companies;

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

Wholesale Finance – Summary Financials

Q3FY13	YTDFY13	Summary P&L (Rs. Crores)	Q2FY14	Q3FY14	YTDFY14	Y-o-Y (%)	FY13	TTM
405	1,162	Interest Income	482	499	1,460	26%	1,598	1,896
251	718	Interest Expense	314	329	943	31%	988	1,213
154	444	NIM	168	171	516	16%	611	683
9.3	24.9	Fee Income	5.6	1.4	9.8	(60)%	45.0	30
3.1	5.1	Other Income	40.6	5.5	54.8	-	8.2	58
20	57	Operating Expense	26	22	75	32%	79	97
146	417	Contribution before credit cost	188	155	506	21%	584	674
31	75	Credit Cost	48	65	165	121%	109	200
84	242	PAT	106	68	253	4%	350	360
2271	4,112	Disbursements	1,452	1,336	4,164	1%	6,645	6,629

Q3FY13	FY13	Summary BS (Rs. Crores)	Q2FY14	Q3FY14	Y-o-Y (%)
13,385	14,835	Gross Loans & Advances	15,878	16,645	24%
11,144	12,558	Borrowings	14,236	14,072	26%
2,243	2,314	Networth	2,858	2,902	29%
233	209	Gross NPAs	357	373	
200	169	Net NPAs	284	289	

- Recoveries on existing accounts , offset by additional slippages leading to marginal rise in GNPA
- Credit cost increase on the back of overdue and restructured assets
- As of December 2013, the provision over RBI norms stands at Rs.143.7 Crores

Wholesale Finance – Key ratios

Q2FY13	YTD FY13	Key Ratios	Q2FY14	Q3FY14	YTD FY14	FY13	TTM
12.70%	12.97%	Yield	12.40%	12.28%	12.44%	12.77%	12.48%
9.41%	9.63%	Cost of Funds	9.86%	9.56%	9.65%	9.44%	9.57%
4.82%	4.92%	Net Interest Margin	4.33%	4.20%	4.40%	4.88%	4.49%
0.29%	0.28%	Fee Income	0.15%	0.04%	0.08%	0.36%	0.20%
0.10%	0.06%	Other Income	1.04%	0.14%	0.47%	0.07%	0.38%
0.64%	0.64%	Operating Expenses	0.68%	0.55%	0.64%	0.63%	0.64%
4.56%	4.62%	Contribution before credit cost	4.84%	3.82%	4.31%	4.67%	4.43%
0.95%	0.84%	Credit Cost	1.23%	1.60%	1.41%	0.87%	1.31%
15.74%	16.09%	Return on Equity	15.67%	9.54%	12.69%	16.92%	13.99%
2.54%	2.63%	Return on Assets	2.51%	1.54%	2.02%	2.72%	2.23%
4.97	4.97	Gearing	4.98	4.85	4.85	5.43	4.85
1.82%	1.82%	Gross NPA %	2.36%	2.40%	2.40%	1.46%	2.40%
1.56%	1.56%	Net NPA %	1.89%	1.87%	1.87%	1.18%	1.87%
15.07%	15.07%	CRAR (Tier 1)	16.12%	16.22%	16.22%		
1.70%	1.70%	CRAR (Tier 2)	1.49%	1.50%	1.50%		
16.77%	16.77%	CRAR (Total)	17.61%	17.72%	17.72%		

- Drop in NIM in Q3 on account of non-accrual of interest on restructured cases
- Other income was higher in Q2 on account of gains on liquid investments and sale of equity assets
- Higher credit cost due to slippages during the quarter
- restructured assets; expect to see improvement post Q3

Investment Management – Outlook and strategy

Industry update

- Industry average assets increased by 8% to Rs. 8,76,546 Crores from Rs. 8,08,054 Crores based on the quarterly AAUM
- Equity assets continue to face net outflow on account of market volatility.
- Increase in industry assets was driven by higher inflows in money market category

FY 2014 strategy

- Evaluating new product launches
- Focus on getting further scale in accrual products and FMPs within fixed income
- Continued focus on SIP
- Opex control through efficient spends and optimal cost structures

Investment Management – Performance overview (I / II)

Highlights

- Net flows in money market funds and FMPs were the main driver of growth in assets.
- Launched a unique investor education campaign across print, television and social media to spread investor awareness
- Improved P&L on account of asset growth and tight cost controls.
 - The business has achieved break-even on a run-rate basis

Surviving Fidelity AMC merged with LTIM

- Intangibles arising from acquisition being amortized in LTIM

Q3FY13	9MFY13	Rs. Crores	Q2FY14	Q3FY14	9MFY14
9.6	14.0	Operating Revenue	21.2	22.5	64.7
24.5	43.0	Opex	19.5	21.2	65.2
(14.9)	(29.0)	PAT before excep.items	1.7	1.3	(0.4)
12.3	13.8	Exceptional items ¹	-	-	-
(27.2)	(42.8)	PAT(before amortization)	1.7	1.3	(0.4)
12,064.1	12,064.1	Average AUM ²	15,078.9	17,002.5	17,002.5
0.3%	0.0%	Management Fees/AUM	0.54%	0.52%	0.54%
(0.87)%	(0.47)%	Net Margin (before amortization)	0.05%	0.03%	(0.00)%

Notes: 1. One time integration costs 3AUM is quarterly average

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

Investment Management – Performance overview (II / II)

AAUM (Rs. Crores)	Q2FY14	Q3FY14	%
Industry	8,08,054	8,76,546	8%
L&T MF	15,078	17,003	13%

Rank as per AAUM	13th
Portfolio composition	25+ funds
No of investors	8 lakh+
Branch Network	Across 56 cities

AAUM Composition	Q1FY14	Q2FY14	Q3FY14
Equity/Hybrid	36%	31%	28%
Cash/Ultra Short Term	36%	30%	38%
FMP	15%	15%	18%
Other Fixed Income	13%	24%	16%

Notes: 1. One time integration costs 3AUM 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 – Set to grow further

Profile

- India's wealth management industry has good potential to scale up given the rising affluent class and the HNWI population growing at 20% CAGR
- L&T Finance Holdings ventured into Wealth Management in FY12 to tap this potential and widen the portfolio of services it provides
- Incorporated L&T Capital Markets Ltd (LTCM), fully owned subsidiary of LTFH in Q4FY13 to support the wealth management business
- LTCM has a dedicated set of research professionals along with senior Private Bankers and offers portfolio of comprehensive products and services
- As of December 2013, the Average Assets Under Service (AUS) has grown to Rs. 5,038 Crores with the client base crossing 1,600

Appendix

Notable risk management enhancements made

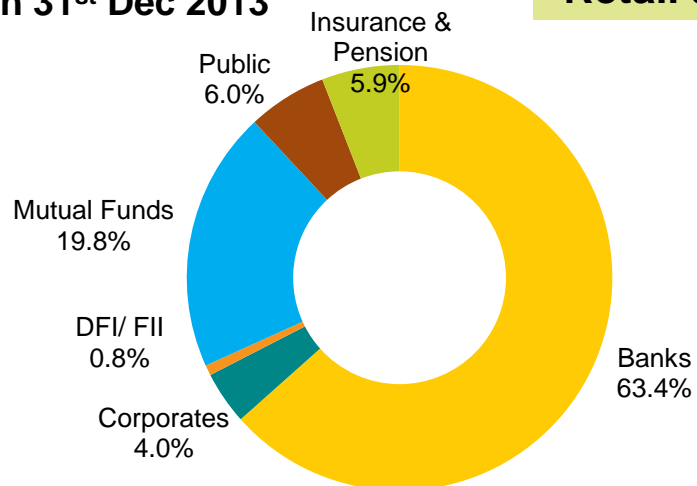
	Retail and Corporate Finance	Wholesale Finance
Credit risk	<ul style="list-style-type: none"> Centralized framework for evaluation of loan proposals Strong Analytics team to constantly monitor portfolio and improve quality of sourcing and collection, active usage of credit bureaus 	<ul style="list-style-type: 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 Restructured standard cases amount to 6.0% of the portfolio
	Operational risk	ALM strategy
	<ul style="list-style-type: none"> Centralized loan authorization and disbursement Quality check for data and process compliance Centralized receipting to control frauds and leakages Change in payment mode- steady movement towards PDC/ECS Fully implemented PML and KYC verifications including negative profile filtering 	<ul style="list-style-type: none"> Combination of short term and long term borrowings to match yield and maturities Good mix of floating and fixed rate loans to manage basis risks Pricing matrix in place to price loans, with periodic review to capture interest rate movement

Robust corporate governance

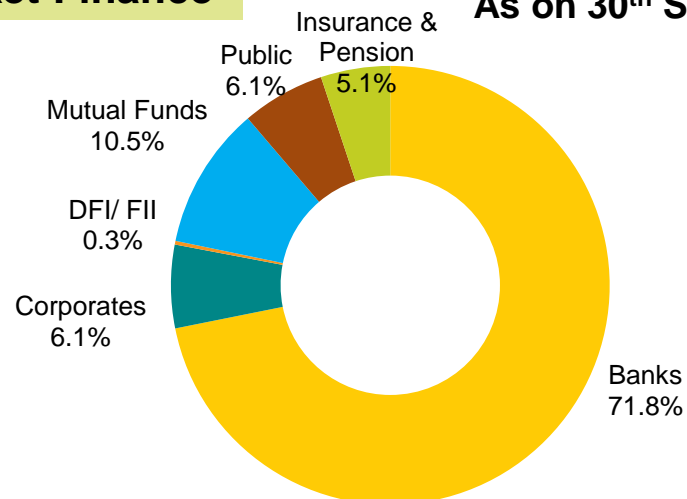
Corporate Governance	<p>Corporate Governance viewed as an ongoing process at LTFH</p> <ul style="list-style-type: none"> • Over and above regulatory requirements, corporate governance has a fundamental link with the organization's business, corporate responsibility and shareholder wealth maximization
Board of Directors	<p>Board of Directors is broad based at LTFH level and at the material subsidiary level</p> <ul style="list-style-type: none"> • LTFH board has 5 independent directors, more than that mandated by law • Independent directors are present on the boards of all material subsidiary companies, strengthening the corporate governance process • Directors on the boards come with rich experience in their respective fields
Committees	<p>The boards at LTFH level and at the material subsidiary level have constituted the following committees to oversee specific areas:</p> <ul style="list-style-type: none"> • 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

As on 31st Dec 2013

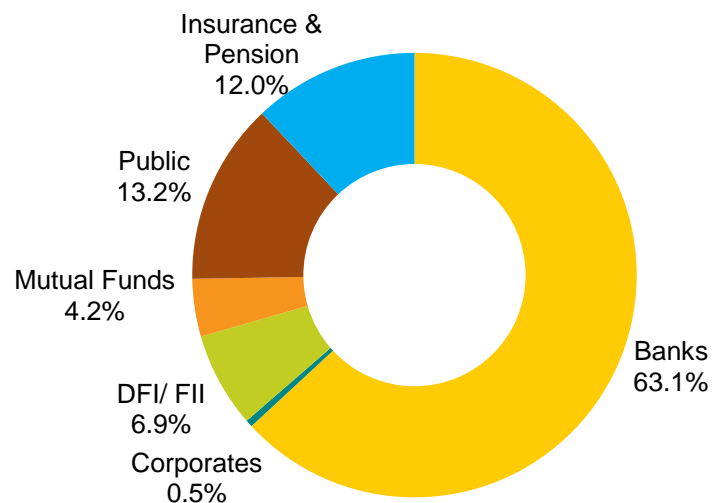


As on 30th Sep 2013

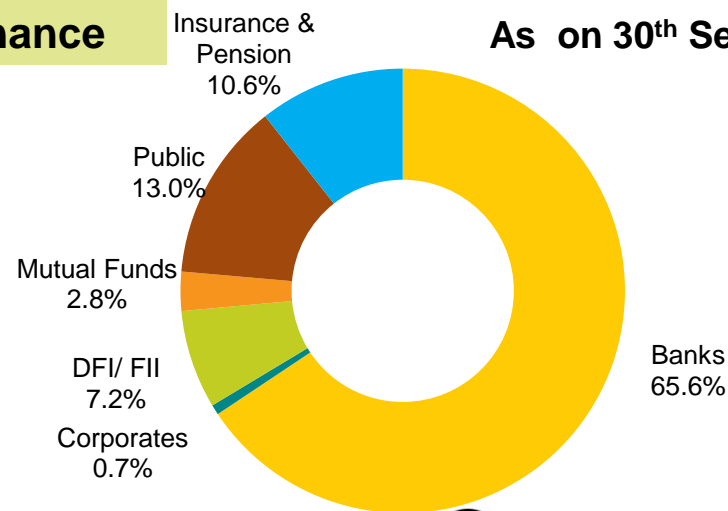


As on 31st Dec 2013

Wholesale Finance



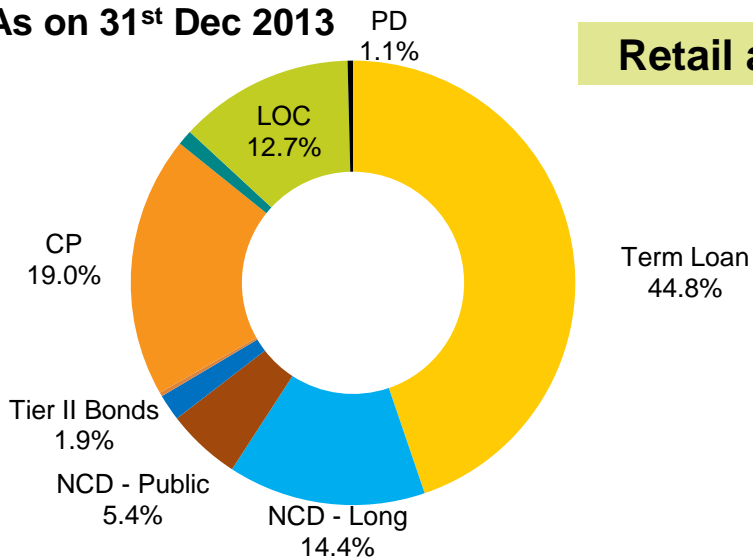
As on 30th Sep 2013



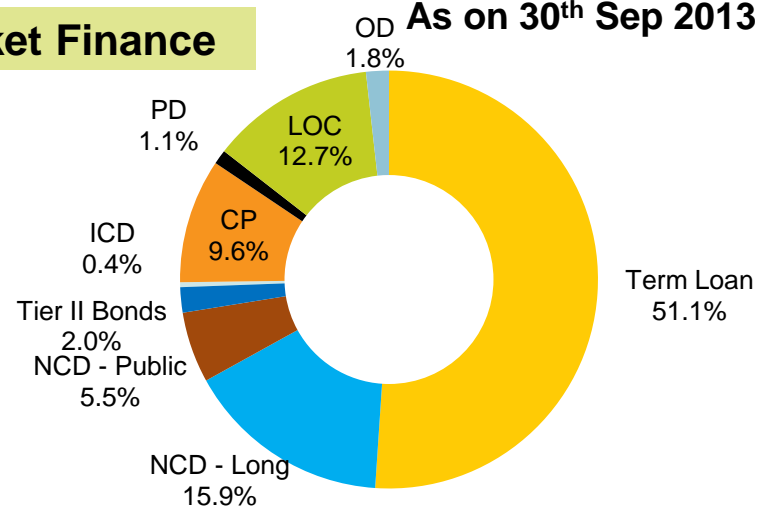
Debt Composition – Instrument Wise

Retail and Mid-Market Finance

As on 31st Dec 2013

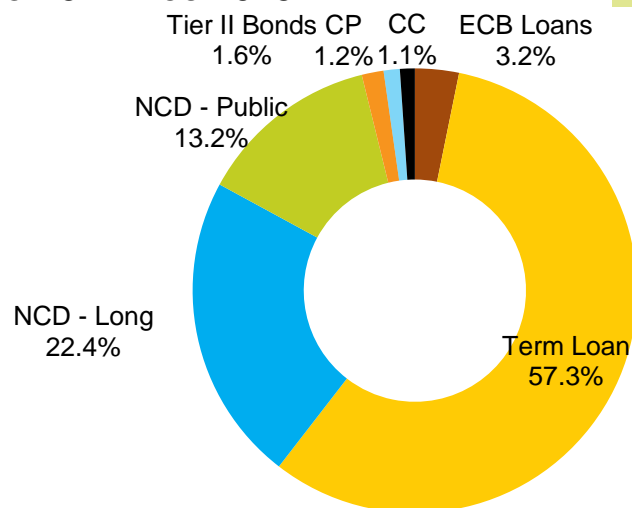


As on 30th Sep 2013

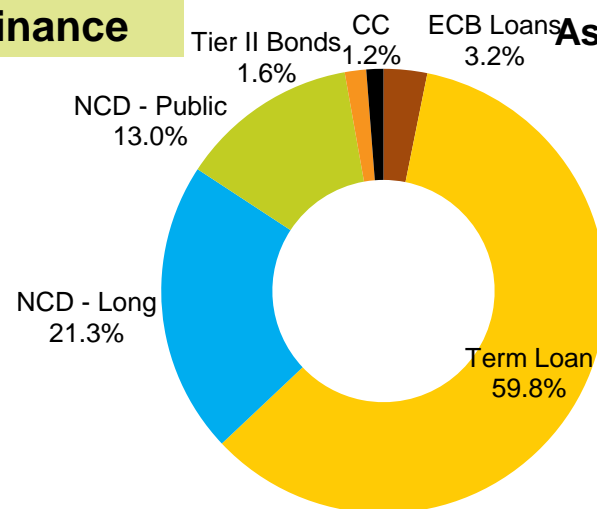


Wholesale Finance

As on 31st Dec 2013



As on 30th Sep 2013



AUM Disclosure for December 2012

ASSETS UNDER MANAGEMENT (“AUM”) REPORT FOR THE QUARTER ENDED DECEMBER 2012

Table I

Asset class wise disclosure of AUM & Average AUM		
	AUM as on the last day of the Quarter	Average AUM for the quarter (Rs. in Lakhs)
Income	273,606.70	354,098.59
Equity (other than ELSS)	405,790.57	414,411.60
Balanced	0.00	0.00
Liquid	308,838.33	302,361.01
Gilt	2,846.55	5,734.54
Equity - ELSS	124,243.46	123,465.51
Gold ETF	0.00	0.00
Other ETF	0.00	0.00
Fund of Fund Overseas	6,539.94	6,338.77
Total	1,121,865.56	1,206,410.02

Table II

Disclosure of percentage of AUM by geography	
Geographical Spread	% of Total AUM as on the last day of the Quarter
Top 5 cities	72%
Next 10 cities	14%
Next 20 cities	5%
Next 75 cities	5%
Others	4%
Total	100%

AUM Disclosure for September 2013

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

Table I

Asset class wise disclosure of AUM & Average AUM		
	AUM as on the last day of the Quarter	Average AUM for the quarter (Rs. in Lakhs)
Income	633,499.81	710,544.60
Equity (other than ELSS)	324,929.55	329,967.95
Balanced	0.00	0.00
Liquid	524,698.08	346,831.45
Gilt	4,281.63	4,430.92
Equity - ELSS	107,886.50	108,752.71
Gold ETF	0.00	0.00
Other ETF	0.00	0.00
Fund of Fund Overseas	8,076.00	7,359.62
Total	1,603,371.57	1,507,887.25

Table II

Disclosure of percentage of AUM by geography	
Geographical Spread	% of Total AUM as on the last day of the Quarter
Top 5 cities	74%
Next 10 cities	15%
Next 20 cities	4%
Next 75 cities	3%
Others	3%
Total	100%

AUM Disclosure for December 2013

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

Table I

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

Table II

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

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...

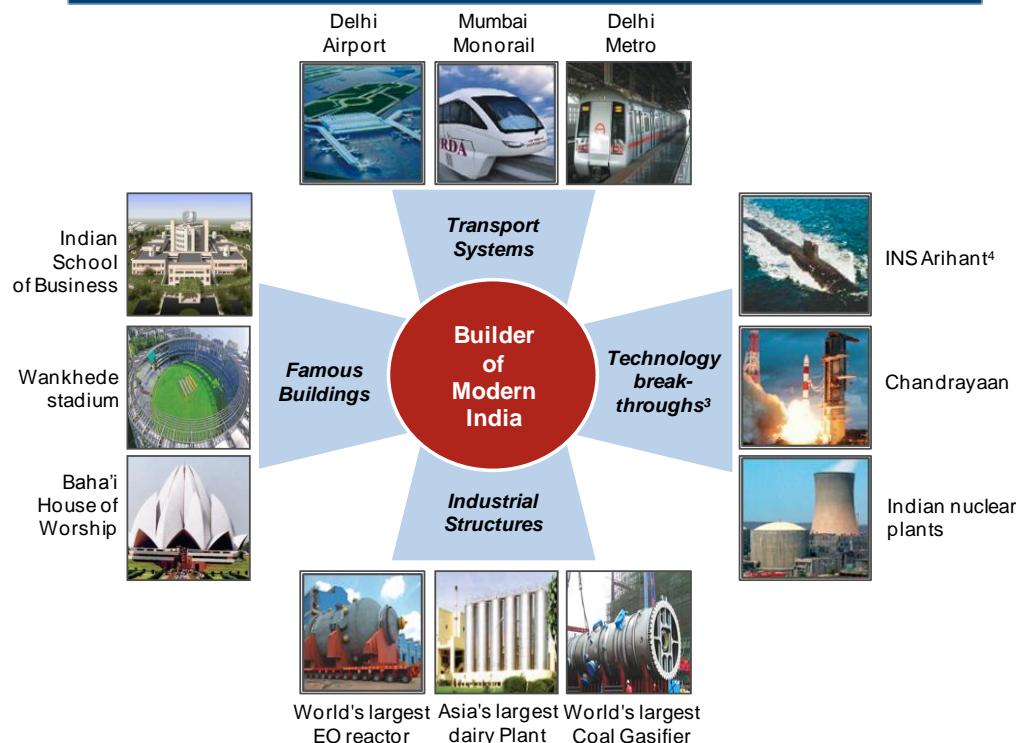
L&T was founded in 1938 by two Danish Engineers



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

- Revenue: ~Rs.75,000 crores¹
- Market capitalisation: ~Rs.100,180 crores²

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



"L&T does not belong either to the private sector or the public sector. It belongs to the national sector"

- Hon'ble Union Finance Minister Mr. P. Chidambaram

1. For fiscal 2013 2. Market capitalisation as of 5th December, 2013 3. Technological support provided 4. Image used is for representational purposes only

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

L&T Finance Holdings
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Santacruz (E), Mumbai 400 098

