


Building to become a comprehensive player

Investor Presentation, Q1FY14

L&T Finance Holdings

Disclaimer

- This presentation does not constitute or form part of any offer or invitation or inducement to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities of L&T Finance Holdings Limited (the "Company"), nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with, any contract or commitment there for.
- No representation, warranty, guarantee or undertaking, express or implied, is or will be made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of such information, estimates, projections or opinions contained here in. Potential investors must make their own assessment of the relevance, accuracy and adequacy of the information contained in this presentation and must make such independent investigation as they may consider necessary or appropriate for such purpose. Any opinions expressed in this presentation are subject to change without notice. Neither the Company nor any of its respective affiliates, advisers or representatives, including Lead Managers and their affiliates, or any other persons that may participate in the offering of any securities of the Company, shall have any responsibility or liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection with this presentation.
- The Company may alter, modify or otherwise change in any manner the contents of this presentation, without obligation to notify any person of such revision or changes. Certain statements made in this presentation may be "forward looking statements" for purposes of laws and regulations other than laws and regulations of India. These statements include descriptions regarding the intent, belief or current expectations of the Company or its directors and officers with respect to the results of operations and financial condition, general business plans and strategy and the competitive and regulatory environment of the Company. These statements can be recognized by the use of words such as "expects," "plans," "will," "estimates," "projects," or other words of similar meaning. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those in such forward-looking statements as a result of various factors and assumptions, including future changes or developments in the Company's business, its competitive environment, information technology and political, economic, legal and social conditions in India, which the Company believes to be reasonable in light of its operating experience in recent years. The Company does not undertake to revise any forward-looking statement that may be made from time to time by or on behalf of the Company.
- This presentation is not for publication or distribution or release, directly or indirectly, in or into the United States (including its territories and possessions, any state of the United States and the District of Columbia), Australia, Canada or Japan or in any other country where such distribution may lead to a breach of any law or regulatory requirement. The information contained herein does not constitute or form part of an offer or solicitation of an offer to purchase or subscribe for securities for sale in the United States, Australia, Canada or Japan or any other jurisdiction. The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States, except pursuant to an applicable exemption from registration.
- **<u>Risk Factors and Disclaimers pertaining to L&T Mutual Fund</u>**

  Risk Factors: Mutual Fund Investments are subject to market risks, read all scheme related documents carefully.

Company Overview

Company Structure

L&T Finance Holdings[1]

Retail Lending

- B2B
  - Construction Equipment Fin (CEF)
  - Transportation Equipment Fin (TEF)
  - SME Finance (SME)
  - Supply Chain Finance (SCF)
  - Capital Market Products (CMP)
  - Construction Finance (CF)
- B2C
  - Rural Products Finance (RPF)
  - Personal Vehicle Finance (PVF)
  - Micro Finance (MFI)
  - Financial Product Distribution (FPD)
  - Home Loans (HL)
  - Loan Against Property (LAP)

L&T Finance (AFC[3])
FamilyCredit (Loan Company)
L&T Housing Finance (HFC)
L&T Access (Distribution Co)

Wholesale Lending

- Project Finance
  - Senior Debt
  - Mezzanine Debt
- Corporate Loans[2]
- Infrastructure Debt Fund (IDF)
- Infrastructure Private Equity
- Financial Advisory Services
  - Syndication
  - Underwriting

L&T Infra Finance (IFC[3])
L&T FinCorp (Loan Company)
L&T Infra PE Fund (AMC)
L&T Infra Debt Fund (NBFC-IDF)

Investment Management

- Mutual Fund
- Portfolio Management
- Wealth Management
- Advisory Services

L&T Investment Mgmt (AMC)
L&T Capital Markets

Shared Services

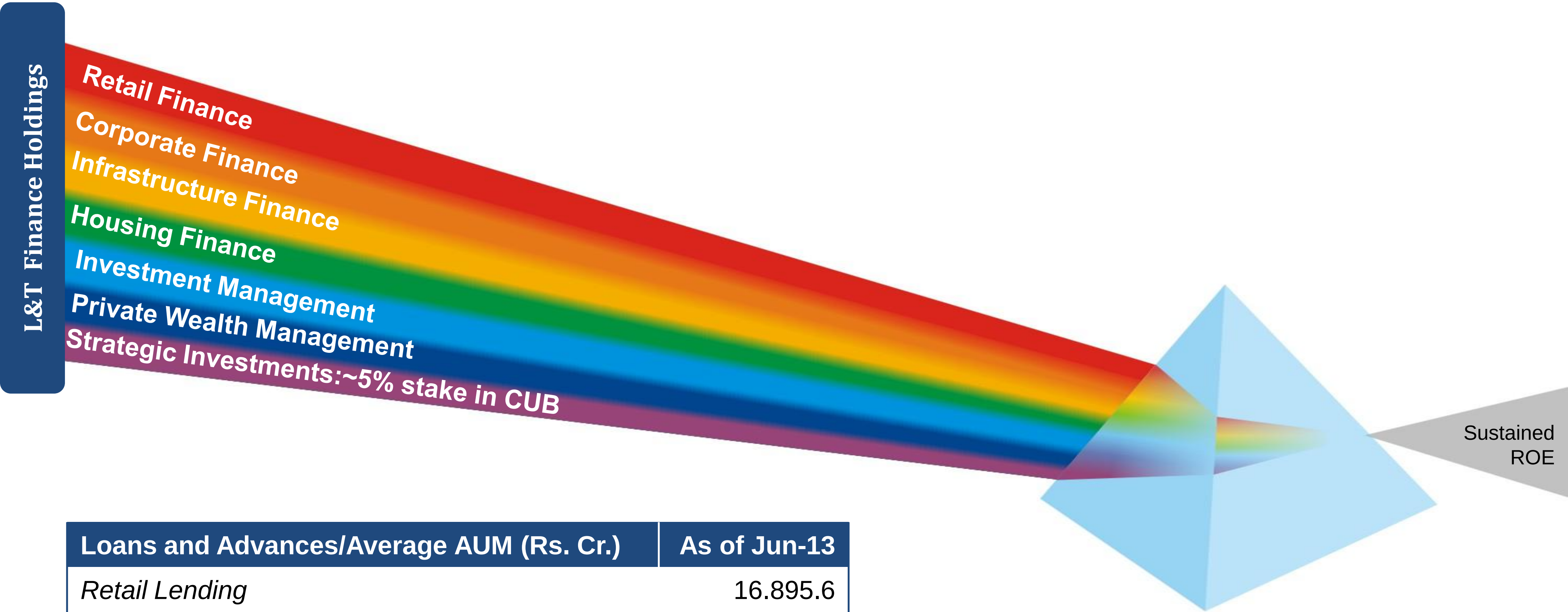
- Common Property Services
- Holds all LTFH Properties

L&T Unnati Finance

Network of 100+ branches across 23 states, with 500+ rural points of presence
Pan India reach to cater to customers across rural, corporate & SME segments

Notes: [1] All companies are 100% subsidiaries of LTFH either directly or indirectly, [2] Corporate Loans include non-infra loans greater than Rs. 50 Cr , [3] AFC – Asset Finance Co, IFC – Infra Finance Co

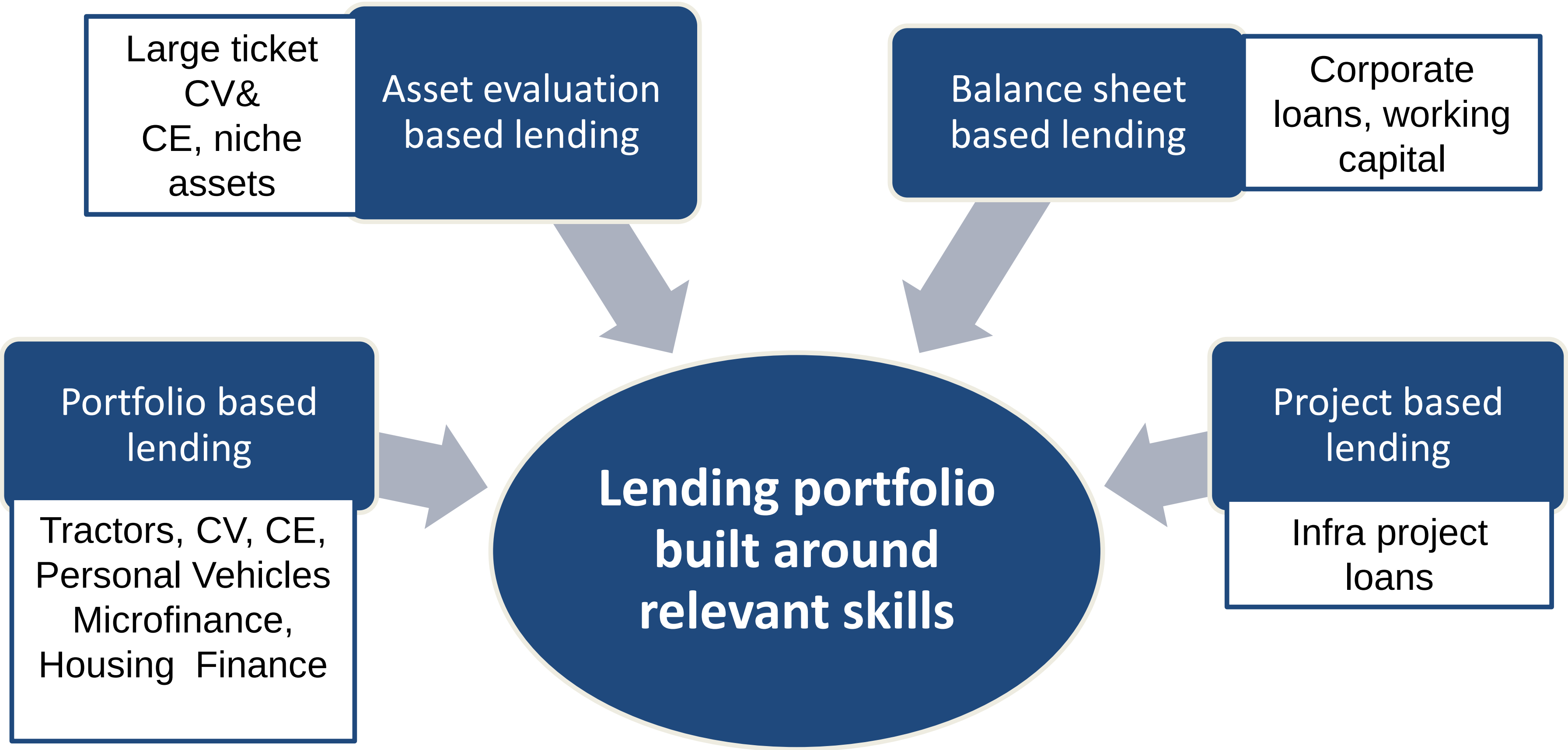
Building to become a comprehensive player with critical size



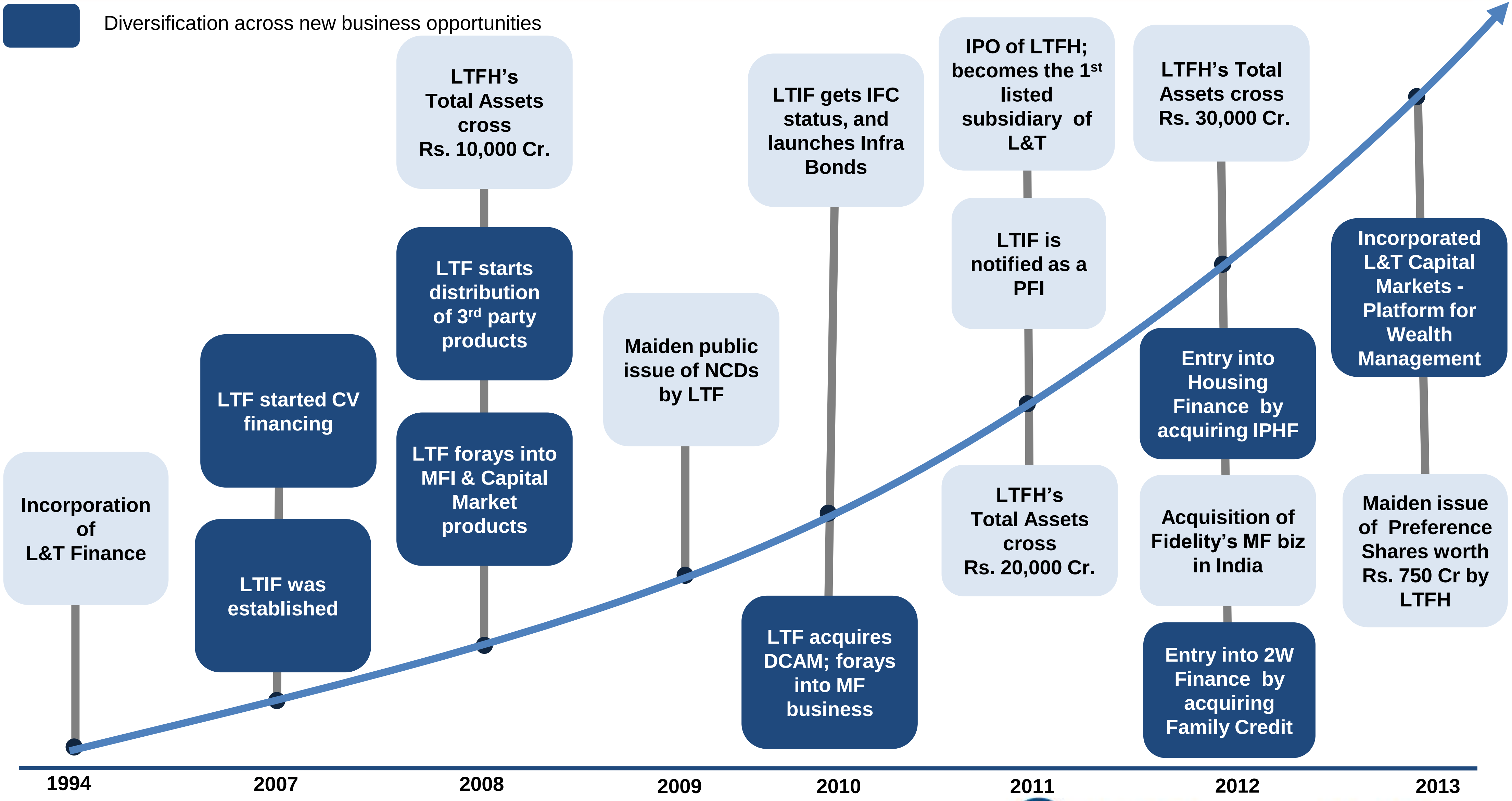
Loans and Advances/Average AUM (Rs. Cr.)	As of Jun-13
Retail Lending	16.895.6
Wholesale Lending	16,922.0
Investment Management[1]	13,781.5
Private Wealth Management[1]	2,951.0

Notes:
[1]AAUM is average for the quarter

Talent with relevant knowledge and deep experience



Key Milestones



Industry Overview

L&T Finance Holdings

Industry Overview

Key Positives

- CAD has narrowed down to 3.6% in Q4FY13 with overall figure of 4.8% for FY13; expected CAD for FY14 is at 4.4%
    - Fall in gold imports by ~80% in June
- Move towards marked linked pricing for petrol, diesel, LPG and gas - expected to reduce the subsidy bill and help rein in fiscal deficit
- Early indications of a good monsoon expected to improve agricultural production and reduce food inflation
- Govt. sets target of awarding infrastructure PPP projects worth Rs1.15 lakh Cr for FY14
- Hike in FDI limits / change in approval route for 13 sectors expected to aid overseas fund inflows

Key Challenges

- Rising crude oil prices may impact CAD
- WPI inflation rises to 4.86% in Jun, food inflation remains high at 9.7%
    - Volatile and weak rupee impacting inflation expectation
- Food Security Bill introduced as an ordinance – higher than budgeted expenditure may put pressure on fiscal deficit
- Decline in invisibles income by 7.7% Y-o-Y, flat service exports and fall in private remittances by 6.3% may impact BoP negatively
- RBI's intervention to arrest rupee depreciation by tightening liquidity expected to be a temporary measure, may lead to rise in borrowing costs in short term

Uncertain and stressed macro environment expected to continue




Performance Summary

Highlights of Financial Performance – Q1FY14

- Healthy 31% YoY growth in loan book in a challenging environment
- L&T Investment Management registers a 23% growth in Average AUM
- Y-o-Y growth in PAT before exceptional items :
    - Margins continue to see improvement, offset by increased credit costs
    - TTM ratios demonstrates improving trends on most parameters
- Asset Quality:
    - Increase in retail NPAs primarily seasonal, in addition to stress on CV and CE segment
    - Stress in the infrastructure and corporate assets due to uncertain macro environment
    - NPAs could increase in the shorter term, expected to ease by Q3
    - Credit cost expected to remain at elevated levels in Q2, could improve by Q3

Note: TTM – Trailing Twelve Months

Summary Financial Performance

Q1FY13	(Amounts in Rs. Cr.)	Q4FY13	FY13	Q1FY14	Y-o-Y
Lending Businesses[1] (Retail, Corporate, Infrastructure & Housing Finance)					
26,184.2	Loans and Advances	33,309.9	33,309.9	34,337.2	31.1%
4,006.8	Disbursements	7,438.6	22,994.8	5,858.6	46.2%
341.9	NIM	452.5	1,539.4	470.5	37.6%
127.2	PAT	205.7	612.6	152.8	20.2%
5.27%	NIM[2] (%)	5.61%	5.34%	5.56%	-
1.63%	Gross NPA (%)	2.03%	2.03%	2.54%	-
12.04%	ROE[2] (%)	15.85%	13.17%	11.26%	-
Investment Management[3]					
3,046.2	Average AUM[4]	11,169.0	11,169.0	13,781.5	-
(6.3)	PAT before exceptional items	(14.6)	(44.9)	(3.5)	-

- Robust growth in the book continues despite a challenging environment on account of
  - Rural products, refinancing opportunities in infrastructure finance
  - Addition of FamilyCredit and Housing Finance during FY13
- Growth in AAUM for the investment management business due to strong net sales performance

Notes:
[1] All numbers are reported numbers and include microfinance;Q4FY13 ,Q1FY14 and FY13 numbers for lending businesses include Housing Finance and FamilyCredit;
[2] FY13 ratios are based on quarterly averages.
Notes for Investment Management:
[3] Numbers for Q4FY13 ,Q1FY14 and FY13 are post acquisition of Fidelity Mutual Fund
[4] Average AUMs are averages for the quarter.
Past performance may or may not be sustained in the future. Please refer to the website www.lntmf.com for further details.
Please refer to annexure for the asset wise & geography wise AUM disclosures, disclaimers & risk factors.

Summary Financial Performance

Q1FY13	Particulars (Rs. Cr.)	Q4FY13	FY13	Q1FY14	Y-o-Y
120.7	PAT before exceptional items	174.1	558.8	144.9	20.0%
120.7	PAT	171.4	730.5	144.9	20.0%

Q1FY13	(Amounts in Rs. Cr.)	FY13	Q1FY14	Y-o-Y
Summary Balance Sheet				
4872.2	Networth (excluding Preference capital)	5,485.2	5,627.5	15.5%
22,113.9	Borrowings	28,292.3	29,253.5	32.3%

Exceptional items (net of tax)	Q4FY13	FY13
Profit on sale of Federal Bank stake[1]	-	190.3
Less Transaction/ Integration-related costs	2.7	18.7
Total	(2.7)	171.6

Rs Cr.	Networth
Retail Lending	2,678.6
Wholesale Lending	2,815.7
Investment Management	644.2

- Y-o-Y growth in PAT before exceptional items :
  - Margins continue to see improvement, offset by increased credit costs
  - Marginal slippage in retail asset quality due to seasonality and stress in CE/CV segment
  - Stress in the infrastructure and corporate segment due to uncertain macro environment
- Q-o-Q drop in PAT before exceptional items:
  - Lower fee income on account of subdued momentum in large ticket deals

Notes: [1] Net of MAT

Businesses – Outlook and Performance

L&T Finance Holdings

Retail & Corporate Finance – Market Scenario & Outlook

Segment	Outlook
Rural Products	• Tractor sales clocked impressive growth of 25% in Q1 due to early arrival of monsoon in majority of states • Tractor industry is expected to grow by 5%-8% in FY14 as against 2% in FY13 (Source : TMA)
Construction Equipment	• Equipment sales continues to remain sluggish due to land acquisition/environmental clearance issues and non-resolution of mining related issues in Karnataka, Orissa and Goa.
Auto & Transportation	• De-growth in CV segment on account of slowdown in the economy and stagnant freight rates • Limited new product launches, high interest rates and higher ownership costs leading to lower volumes • 2W sales expected to pick up in FY14, esp. in rural areas
Microfinance	• Microfinance demand across the country continues to remain strong following from the last year's trend
Corporate	• SMEs under stress due to deteriorating cash flows, stretched working capital cycles and execution delays • Growth in corporate book to be muted with key sectors like steel, mining, engineering and construction being adversely affected due to stress in the macro environment and prevailing political environment • Rating downgrades across industries indicative of a deterioration in credit profile of SME/Corporate borrowers • Continue to practice selective lending, ensuring credit quality of portfolio is maintained and not focusing on chasing growth in the corporate segment
Overall	• Margins to remain stable; may improve in H2FY14 in the event of a rate cut

Segment (Source: SIAM)	FY13 Growth (%)	Q1FY14 Growth (%)	FY14 Projection (%)
Cars	(6.7)%	(10.4)%	3.0%-5.0%
UV	52.0%	5.3%	11.0%-13.0%
LCV	14.0%	(3.9)%	10.0%-12.0%
MHCV	(23.0)%	(1.6)%	1.0%-3.0%
CV (Total)	(2.0)%	(8.1)%	7.0%-9.0%
2W	2.9%	(0.8)%	6.0%-8.0%

Infrastructure Finance – Market Scenario & Outlook

Segment	Outlook
Thermal Power	• CERC verdict on coal cost pass through is forward looking and a big positive for power sector • Apparent decline in demand from SEBs compelling developers to sell at lower prices • Government directive to Coal India Ltd to sign FSAs expected to partially resolve the issue of fuel availability • Approval of 18 mining projects of Coal India and allocation of 14 coal blocks through government dispensation route should partially bridge the fuel supply gap
Renewable Energy	• Upward revision of tariff for wind in Maharashtra and Madhya Pradesh is a welcome move • Proposal by MNRE for viability gap funding of 150 MW Solar PV plants should promote capex • Generation-based incentive expected to accelerate the implementation of projects in wind power
Roads	• Reduction in traffic growth in many road stretches is exerting pressure on the cash flows of the developers • Policy announcements by MORTH and NHAI to fast track project awards and implementation
Telecom	• Lack of clarity on spectrum allocation issues still persists, M&A guidelines remains pending to be finalized • Hike in the FDI limit to 100% from the present 74% is positive for the sector
Others	• Delay in payment of dues and slower arbitration process with government agencies is exerting pressure on liquidity situation of the developers/operators • CCI cleared projects worth Rs 1,00,000 Cr+ and relaxed forest clearance norms for national highway projects • Bottlenecks in regulatory clearance (environmental, forest etc), land acquisition delays, tight liquidity and cautious credit approvals by lending institutions continues to affect the sector
Overall	• Slower GDP growth, uncertain macro-economic environment to increase stress in some sectors

To focus on refinancing & renewable sector to drive growth

Retail & Corporate Finance

DISBURSEMENTS						
Rs. Cr.	Q1FY13	Q4FY13[3]	Q1FY14[3]	FY13[3]	TTM[3]	TTM[3] v/s FY13
Construction Equipment Finance	288	370	257	1,515	1,484	-2%
Transportation Equipment Finance	206	145	176	768	738	-4%
Rural Products Finance	720	1,043	1,069	3,534	3,883	10%
Supply Chain Finance	1,392	1,463	1,335	5,728	5,671	-1%
Microfinance	49	119	95	314	360	15%
Corporate Loans and Leases	581	711	674	2,390	2,483	4%
Capital Market Products[2]	191	657	425	1,673	1,907	14%
Personal Vehicle Finance (FCL)[1]	-	257	274	257	531	**107%**
Total	**3,427**	**4,765**	**4,305**	**16,179**	**17,057**	**5%**

LOANS & ADVANCES					
Rs. Cr.	Q1FY13	Q4FY13[3]	Q1FY14[3]		Y-o-Y Growth
Construction Equipment Finance	3,130	3,019	2,880	15%	-8%
Transportation Equipment Finance	2,070	1,935	1,836	10%	-11%
Rural Products Finance	3,074	3,789	4,116	22%	34%
Supply Chain Finance	893	1,129	1,059	6%	19%
Microfinance[2]	173	217	234	1%	35%
Corporate Loans and Leases	4,320	4,677	4,750	25%	10%
Capital Market Products	1,394	1,698	2,038	11%	46%
Personal Vehicle Finance (FCL)[1]	**-**	1,738	1,737	9%	**-**
Total	**15,054**	**18,201**	**18,650**	**100%**	**24%**

Notes:

[1] Personal Vehicle Finance (FCL) – FamilyCredit Limited
[2] There are no renewals in the Q1FY14 disbursements
[3] Q4FY13, Q1FY14 ,FY13 and TTM numbers include FamilyCredit (TTM – Trailing Twelve Months)

L&T Finance Holdings

Retail & Corporate Finance – Summary Financials

Q1FY13	Summary P&L (Rs. Cr.)	Q4FY13[1]	Q1FY14[1]	Y-o-Y	FY13[1]	TTM[1]	TTM v/s FY13
532.9	Interest Income	651.1	660.1	24%	2,290.9	2,418.1	6%
327.8	Interest Expense	373.6	373.4	14%	1,367.7	1,413.2	3%
205.1	NIM	277.5	286.7	40%	923.2	1,004.8	9%
12.9	Fee Income	25.2	24.6	91%	65.9	77.6	18%
94.2	Operating Expense	119.2	131.7	40%	412.4	449.9	9%
123.8	Contribution before credit cost	183.5	179.7	45%	576.6	632.5	10%
46.0	Credit Cost	67.5	79.2	72%	226.7	259.9	15%
52.7	PAT	101.0	74.2	41%	268.2	289.7	8%
3,427.0	Disbursements	4,765.1	4,305.0	26%	16,179.0	17,057.0	5%

Q1FY13	Summary BS (Rs. Cr.)	Q4FY13[1]	Q1FY14[1]	Y-o-Y
15,051.2	Gross Loans & Advances	18,201.0	18,650.2	24%
12,973.2	Borrowings	15,101.7	15,487.8	19%
2,379.6	Networth	2,835.4	2,908.8	22%
263.2	Gross NPAs	448.7	623.4	
163.3	Net NPAs	237.0	371.7	

- Growth in disbursements contributed mainly by Rural Products Finance and Capital Market Products segments
- Increase in GNPA largely on account of legacy NPAs from FCL (fully provided for) and stress witnessed in certain corporate accounts
- As of Jun 2013, provision over RBI norms is Rs 148.1 crs with assets worth Rs 21.1 crs lying in repossessed stock

Notes
[1] Q4FY13, Q1FY14 ,FY13 and TTM numbers include FamilyCredit (TTM – Trailing Twelve Months)

Retail & Corporate Finance – Key Ratios

All ratios are based on reported numbers and include FamilyCredit for Q4FY13, Q1FY14, FY13 and TTM numbers

Q1FY13	Key Ratios	Q4FY13	Q1FY14	FY13	TTM
14.30%	Yield	14.49%	14.33%	14.08%	14.18%
10.24%	Cost of Funds	9.72%	9.76%	9.78%	9.71%
5.50%	Net Interest Margin	6.18%	6.22%	5.67%	5.89%
5.66%	NIM (w/o MTM)	6.13%	6.23%	5.69%	5.88%
0.35%	Fee Income	0.56%	0.54%	0.40%	0.46%
2.53%	Operating Expenses	2.65%	2.86%	2.53%	2.64%
3.32%	Contribution before credit cost	4.08%	3.90%	3.54%	3.71%
1.23%	Credit Cost	1.50%	1.72%	1.39%	1.52%
8.96%	Return on Equity	14.49%	10.33%	10.54%	10.89%
1.32%	Return on Assets	2.09%	1.54%	1.53%	1.58%
5.45	Gearing	5.33	5.32	5.33	5.32
1.78%	Gross NPA %	2.50%	3.39%		
1.11%	Net NPA %	1.33%	2.05%		
15.51%	CRAR (Tier 1)	15.50%	14.78%		
0.69%	CRAR (Tier 2)	2.00%	1.96%		
16.21%	CRAR (Total)	17.50%	16.74%		

- Improved NIMs in Q4FY13 and Q1FY14 on account of the high yielding personal vehicle finance portfolio of FamilyCredit
- Increased operating expenses due to addition of FamilyCredit, expected to stabilize as integration progresses
- Credit costs at elevated levels due to stress in corporate accounts
- TTM ratios indicate improvement trends

Notes:
FY13 and TTM Ratios are calculated based on quarterly averages (TTM – Trailing Twelve Months)
Credit costs include provisions, write offs, foreclosure losses, interest provisions/reversals

Housing Finance

- Current product portfolio includes Home Loans, Loan Against Property (LAP) and Construction Finance (CF) (Residential Construction)
- Equity infusion of Rs. 150 Cr in May 2013 to provide scope for higher leverage going forward
- Operations have stabilized in 9 markets targeted in FY13, 4 new branches have been added in Q1 taking the count to 13
- GNPA in Q1 remains at almost similar levels as Q4FY13, improvement in GNPA % in Q1 on account of loan book growth
- Momentum in disbursements picking up with ~46% growth in Q1
- Will continue to invest to expand the organization and network

Particulars (Rs. Cr.)	Q3FY13[1]	Q4FY13	Q1FY14
Loan Book	195.3	326.4	519.6
Disbursements	31.0	140.5	205.6
GNPA (%)	1.40%	0.67%	0.43%
NNPA (%)	0.74%	0.21%	0.12%
PAT	1.1	(0.9)[2]	1.9
Networth	144.2	143.4	295.3

Book Composition	Q3FY13	Q4FY13	Q1FY14
Home Loan	82%	65%	56%
LAP	18%	30%	31%
CF	-	5%	13%

Notes:
[1] *Figures are 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*

Infrastructure Finance

DISBURSEMENTS						
Rs. Cr.	**Q1FY13**	**Q4FY13**	**Q1FY14**	**FY13**	**TTM[3]**	**TTM[3] v/s FY13**
Thermal Power	69	286	80	697	708	2%
Renewable Power	355	575	302	1,290	1,237	-4%
Power – Corp[1] + T&D	-	652	480	960	1,440	50%
Transportation	87	671	286	1,542	1,741	13%
Telecom	22	-	6	987	971	-2%
Others[2]	47	348	194	1,169	1,316	13%
Total	**580**	**2,533**	**1,348**	**6,645**	**7,413**	**12%**

LOANS & ADVANCES				
Rs. Cr.	**Q1FY13**	**Q4FY13**	**Q1FY14**	**Y-o-Y**
Thermal Power	1,608	2,133	2,015	25%
Renewable Power	2,309	3,078	3,154	37%
Power – Corp[1] + T&D	1,192	1,866	2,256	89%
Transportation	1,616	2,328	2,424	50%
Telecom	1,225	1,825	1,817	48%
Others[2]	3,183	3,552	3,500	10%
Total	**11,133**	**14,781**	**15,167**	**36%**

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.
[3] TTM – Trailing Twelve Months

Portfolio Break Up

Corporate 38%

Projects 58%

- Operating 28%
- U/C 30%

Equity 4%

- Top 10 borrowers represent 21% of the outstanding
- Top 10 borrower groups form 28% of outstanding

Infrastructure Finance – Summary Financials

Q1FY13	Summary P&L (Rs Cr.)	Q4FY13	Q1FY14	Y-o-Y	FY13	TTM	TTM v/s FY13
364.5	Interest Income	436.9	475.4	30%	1,584.6	1,695.5	7%
227.7	Interest Expense	267.2	299.7	32%	978.4	1,050.4	7%
136.8	NIM	169.7	175.6	28%	606.2	645.1	6%
5.1	Fee Income	20.1	2.8	-46%	45.0	42.7	-5%
0.4	Other Income	3.1	3.5	-	8.2	11.4	39%
17.5	Operating Expense	22.4	23.6	35%	79.0	85.2	8%
124.7	Contribution before credit cost	170.6	158.4	27%	580.4	614.0	6%
18.7	Credit Cost	39.4	51.9	178%	110.4	143.6	30%
74.4	PAT	105.6	76.7	3%	344.2	346.5	1%
580.0	Disbursements	2,533.0	1,348.0	132%	6,645.0	7,413.0	12%

Q1FY13	Summary BS (Rs. Cr)	Q4FY13	Q1FY14	Y-o-Y
11,133.0	Gross Loans & Advances	14,781.7	15,167.4	36%
9,340.8	Borrowings	12,512.0	12,990.6	39%
1906.4	Networth	2,302.8	2,379.0	25%
153.2	Gross NPAs	208.7	220.8	
132.8	Net NPAs	168.6	178.7	

- Growth in Loans and Advances have kept pace even in a challenging industry scenario
- Focus on high quality and larger- ticket relationships
- Increase in GNPA due to movement of an account to NPA in Q1
- As of June 2013, the provision over RBI norms stands at Rs.108.0 Cr.

Note: TTM – Trailing Twelve Months

Infrastructure Finance – Key Ratios

Q1FY13	Key Ratios	Q4FY13	Q1FY14	FY13	TTM
13.22%	Yield	12.45%	12.70%	12.75%	12.76%
9.96%	Cost of funds	9.07%	9.40%	9.42%	9.38%
4.96%	Net Interest Margin	4.84%	4.69%	4.88%	4.86%
0.18%	Fee Income	0.57%	0.07%	0.36%	0.32%
0.01%	Other Income	0.09%	0.09%	0.07%	0.09%
0.63%	Operating Expenses	0.64%	0.63%	0.64%	0.64%
4.51%	Contribution before credit cost	4.86%	4.23%	4.67%	4.62%
0.68%	Credit Cost	1.12%	1.39%	0.89%	1.08%
15.92%	Return on Equity	18.68%	13.11%	16.79%	16.05%
2.64%	Return on Assets	2.92%	1.98%	2.69%	2.52%
4.90	Gearing	5.43	5.46	5.43	5.46
1.43%	Gross NPA %	1.47%	1.54%		
1.24%	Net NPA %	1.19%	1.25%		
14.26%	CRAR (Tier 1)	14.18%	14.26%		
1.90%	CRAR (Tier 2)	1.60%	1.57%		
16.15%	CRAR (Total)	15.79%	15.83%		

- Fee income lower in Q1FY14 due to lower momentum in syndication deals, expect pick up from Q3 onwards
- Credit cost expected to remain at elevated levels in Q2; may see improvement from Q3 onwards
- TTM trends indicate stable and consistent parameters

Notes:
Ratios are calculated based on quarterly averages (TTM – Trailing Twelve Months)
Credit costs include provisions, write offs, foreclosure losses, interest provisions/reversals

Investment Management

Profile

- Diversified investor base of over 8.5 lakh investors based out of 200+ towns and cities with a branch network spanning 56 cities
- Comprehensive portfolio, with 25+ funds across asset classes, risk profiles and time horizons

Highlights

- Increased net sales in duration product is main driver of growth in assets. The main beneficiary funds were Triple Ace Fund, Short term Opportunities and Income Opportunities.
- Improved P&L on account of asset growth and tight cost controls

Key Risk

- In line with the Industry, market volatility and equity outflows continued to be a concern.

Summary Financials (Rs. Cr.)				
Q1FY13		Q4FY13[1]	FY13[1]	Q1FY14[1]
2.2	Operating Revenue	21.8	35.9	20.9
8.5	Opex	36.5	80.1	24.4
(6.3)	PAT before exceptional items	(14.7)	(44.2)	(3.5)
(1.4)	Exceptional items[2]	0.1	13.9	0.0
(7.7)	PAT	(14.8)	(58.1)	(3.5)
3,046.2	Average AUM[3]	11,169.0	11,169.0	13,781.5
0.26%	Management Fees/AUM	0.70%	0.50%	0.56%
(1.01)%	Net Margin	(0.53)%	(0.90)%	(0.10)%

AAUM (Rs. Cr)	Q4FY13	Q1FY14	%
Industry	8,16,657.0	8,46,677	4.0%
L&T Mutual Fund	11,169.0	13,781.5	23.0%

AAUM Composition	Q3FY13	Q4FY13	Q1FY14
Equity/ Hybrid	50%	47%	36%
Cash / Ultra Short Term	35%	35%	36%
FMP	7%	10%	15%
Other Fixed Income	8%	8%	13%

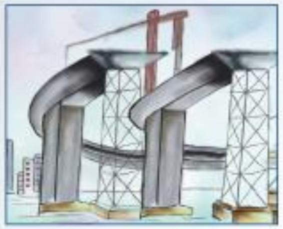
Notes:
[1] Q4FY13,Q1FY14 and FY13 numbers are post acquisition of Fidelity Mutual Fund,FY13
[2] One time integration costs
[3] AUM is quarterly average
Please refer to annexure at the end of this presentation for the asset wise & geography wise AUM disclosures, disclaimers & risk factors

Investment Management – Outlook & Strategy

Segment	Outlook
Industry Update	• Industry assets have grown by 4% from Rs. 8,16,657 Cr. to Rs. 8,46,677 Cr. • Growth in Fixed income category mainly in money market and duration products. • Equity assets continue to outflow on account of market movement. • New advisor regulation with effect from 20-April-2013
FY14 Strategy	▪ Continue to focus on investor interest in fixed income and bring back focus on equity funds ▪ Drive revenue growth through strong focus on retail, product mix and fund performance ▪ Opex control through efficient spends and optimal cost structures ▪ Step up focus on Investor education and listing new distributors in tier 2 & tier 3 cities

Wealth Management

- 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.
- LTCM is in the process of targeting the mass affluent segment
- As of June 2013, the Average Assets Under Service (AUS) has grown to Rs. 2951.0 Cr with a client base of ~650



Other Updates

L&T Finance Holdings

Infrastructure Debt Fund

Objective

- IDF would complement L&T Infra's existing business by creating financing opportunities during the entire life cycle of an infrastructure project
- Access to the low-yield and longer tenure project refinance market
- Addition to existing product offerings to client within the L&T Financial Services platform

Current Status

- Setting up IDF through the NBFC route – RBI approval awaited
- Equity capital of Rs 300 Cr infused by Sponsor (L&T Infra) and investors
- IDF to be operational by H1FY 14

Regulations

- MoF has announced tax exempt status to IDF NBFC (0%) and lower tax for foreign debt investors (5% withholding tax)
- Lower Risk Weight (50%) for operational PPP projects with buyback guarantee from concession authority, implying higher D/E
- Guarantee fee to be paid to concession authority

IDF structure and regulatory advantages enable competitive pricing for higher quality operational assets without compromising on returns

Optimizing Capital Structure at LTFH

Rationale

- Support capital requirements of the operating subsidiaries by introducing leverage at the holding company level
- Strategy to maintain up to 20.0% of consolidated networth as leverage to optimize capital structure and reduce dilution of earnings for the investors
  - Raise further equity capital on full utilization of the preference capital

Preference Share Issue

- Preference shares of Rs. 750 Cr issued in Mar-2013
  - Issuance in two tranches of Rs. 500 Cr and Rs. 250 Cr through private placement
  - Total of 7.5 Cr shares, each of face value Rs. 100 issued at par
- The shares are unlisted , cumulative and compulsorily redeemable
  - Maturity period of the shares is 3 years (2016)
  - Dividend yield is 8.75% p.a.
- Issue was well received by all classes of investors

Investor Profile

Investor Profile	% of Total
Corporate	28.0%
Individual & HUFs	50.0%
Insurance Companies	3.0%
NBFCs	11.0%
Trusts	8.0%

Update on Banking License Application

The Company has submitted an application to the RBI for grant of bank license

Rationale for the Application

Larger Revenue Pool	• Expansion of scope of service offering from transaction banking to term loans • Ability to raise low cost retail deposits

Customers	• Enable widening of customer segment
	  • Lower capital adequacy requirements for better rated corporates
	  • High networth individuals can be serviced
	• Ability to retain customers as they experience services multiple times across several products

Retail Liabilities	• Lowers dependence on wholesale sources of funding
Better Capital Utilization	• Advantage of higher gearing - can be as high as 11-12x on loan assets for a bank as compared to a maximum of 8-9x for NBFCs • Scope to generate RoEs in high teens - equivalent or better than that generated by NBFC
Regulations	• Regulatory framework for NBFCs being brought in line with that of banks

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

Impact of Conversion into a Bank

LTFH to be the promoter	• NOFHC to be 100% owned by LTFH which in turn will hold the bank • All lending businesses will need to be merged into the bank

Regulatory norms	• CRR/SLR norms will have to be met from day one
	  • 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
	• PSL norms and 25% of branches in rural areas
	  • PSL obligations an opportunity; scope to build upon the existing PSL book in our portfolio
	  • Leverage on existing understanding of the rural markets through the 500+ points of presence to set up rural branches

Impact on Returns	• Initial capital infusion would be low to minimal
	  • Investments in setting up of best in class technology platform, systems and risk management processes would be an ongoing process
	  • Networth 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
	• Initial negative carry on CRR/SLR depending on deposit costs and SLR yields
	• Impact of more stringent NPA recognition norms
	  • Mitigated to an extent by additional provisions in NBFCs
	• Ability to replace borrowings with low cost CASA, making optimum use of increased leverage and reaping benefits of expanded scope of business to determine steady state profitability

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

Annexure

Management Strength

CMD , 38 yrs exp, L&T

President, 30 yrs exp, L&T

MD & CE – LTF
23 yrs exp, SBI Cap, BNP Paribas

CE - FCL
35 yrs exp, Sundaram Fin, Royal Sundaram

CE – LTHF
28 yrs exp, Reliance, Citibank, BOA

Head Corp (LTF)
25 yrs exp, IL&FS

CE – LT Access
24 yrs exp, Metlife, Franklin Templeton

Head Retail (LTF)
26 yrs exp, SREI

Head Prod & Strategy (LTHF)
16yrs exp, Reliance, ICICI

Head Credit & Risk (LTF)
25 yrs exp, BNP Paribas, Burgan Bank

Head Risk (LTHF)
22yrs exp, IDBI, Saraswat Bank

MD & CE – LTIF
31 yrs exp, ICICI, SREI

Head - CBG
22 yrs, ICICI, Reliance

Head IDF & SI
17 yrs exp, IDFC

Head – I&PF
22 yrs exp, SBI

Head PE
21 yrs exp, Q India Investment Partners

CE – LTIM
25 yrs exp, Fidelity, Citibank

Chief Biz Officer
23yrs exp, Kotak Mahindra AMC, ICICI, Morgan Stanley

Head Fixed Income
13yrs exp, Fidelity, ING, ICICI

Head Equities
21yrs exp, Canara Robeco AMC, Emkay Global

Head CRA (Infra)
36 yrs exp, ADB-AFIC, IDBI

CE – Capital Markets
22 yrs exp, Tata Asset Mgmt, Cholamandalam

Head, PWM – LTCM
22yrs exp, EFG Wealth Mgmt, Anand Rathi

Head - FAS
22 yrs exp, RPG Enterprises, IL&FS, GE Capital

Head Treasury
31 yrs exp, Fujitsu ICIM

Group CFO
23 yrs exp, L&T, SREI, ICICI

Head Internal Audit
21 yrs exp, HSBC AMC

Head - Accounts
20 yrs exp, L&T, Escort Securities

Head Operations - Retail
21yrs exp, DCB, Reliance Finance, HDFC Ergo

Head IT
22 yrs exp, AIG SA, Tata AIG, IBM Global

Head Legal
23 yrs exp, Jain Irrigation, Britannia

Head Marketing
31 yrs exp, Fidelity Fund Mgmt, Times Online Money

Head Corp Comm
22 yrs exp, Fidelity, Ogilvy & Mather

Head– Secretarial & Compliance
30 yrs exp, ACC,L&T

Head Operations-Corp
16 yrs exp, IL&FS, SREI Infra, Essar Steel

Head HR
14 yrs exp, ICICI Bank, Novartis, GE

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

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 7 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

- 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

Board of Directors

Y. M. Deosthalee	Chairman & Managing Director	• Founding director of L&T Financial Services business and has been associated with L&T group in various positions including CFO and Wholetime Director on board of L&T
N. Sivaraman	President & Wholetime Director	• CA by profession with 28 yrs of experience across areas of finance and accounts, mergers and acquisitions, investor relations.
R. Shankar Raman	Non Executive Director	• Chief Financial Officer and member of board at L&T with 27 yrs of experience in finance audit, accounts, treasury, capital markets, corporate and project finance
A. K. Jain	Independent Director	• Retired IAS officer who has served across departments of Ministry of Finance and Power, nominee of SUUTI on board of L&T Ltd
S. V. Haribhakti	Independent Director	• Chartered and Cost Accountant, Certified Internal Auditor, Financial Planner and Fraud Examiner with career spanning over 4 decades
B. V. Bhargava	Independent Director	• 3 decades of experience in development banking and project finance, currently Chairman of Rating Committee at CRISIL Ltd
Subramaniam N	Independent Director	• IIMA graduate , CA, ICWA with 2 decades of experience in private equity, investment management, banking, finance, accounts, risk management MIS,HR and corporate governance
M. Venugopalan	Independent Director	• Commercial banker for 4 ½ decades spanning Bank of India, Union Bank and Federal Bank. His last assignment was MD & CEO, Federal Bank
P. V. Bhide	Independent Director	• Retired IAS officer with degrees in MBA, LLB and B.Sc and served for 4 decades across various departments of Ministry of Finance, Energy and Home Affairs
Kamakshi Rao	Independent Director	• Investment professional with over 15 yrs of experience, last assignment was with Capital Group of Companies as Senior VP responsible for managing investments across geographies

Risk Management

	Retail & Corporate Finance	Infrastructure Finance
Credit Risk	• 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	• Proposals evaluated as 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	• 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	• SAP up to 40 bps • Voluntary provision of 3% - 8% for identified assets • 2.75% provision on all restructured standard assets • Restructured standard cases amount to 3.91% of the portfolio

Operational Risk

- 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

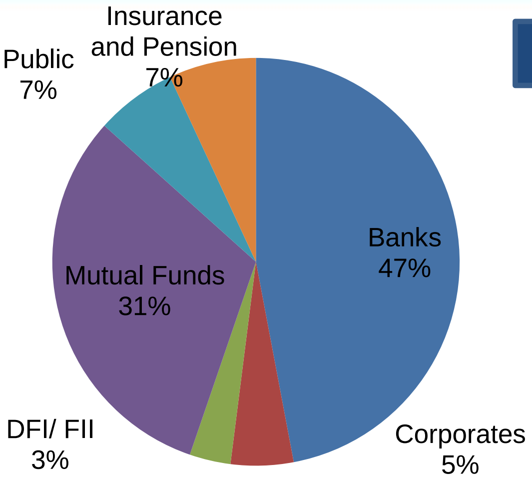
ALM Strategy

- 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

Debt Composition – Source wise

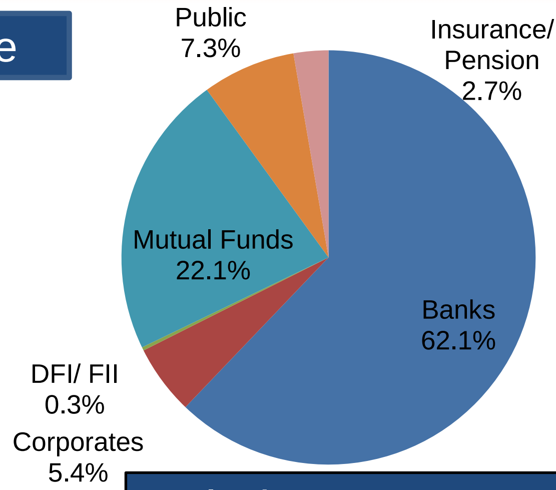
Retail & Corp Finance

As on 30th Jun 2013



Total Debt – Rs. 15,487.8 Cr.

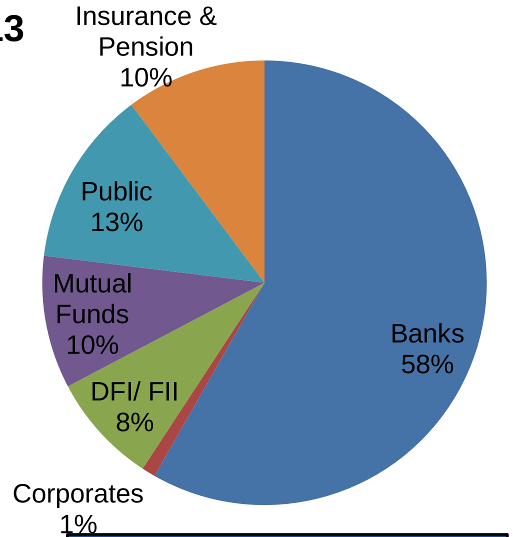
As on 31st Mar 2013



Total Debt – Rs. 15,101.7 Cr.

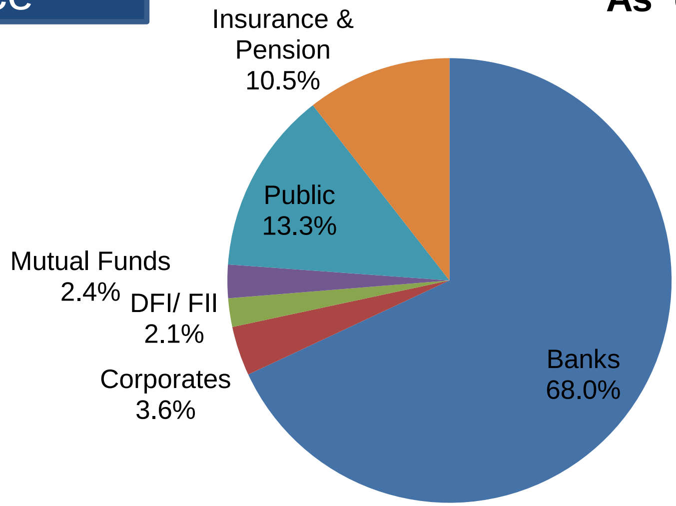
Infra Finance

As on 30th Jun 2013



Total Debt – Rs. 12,990.6 Cr.

As on 31st Mar 2013

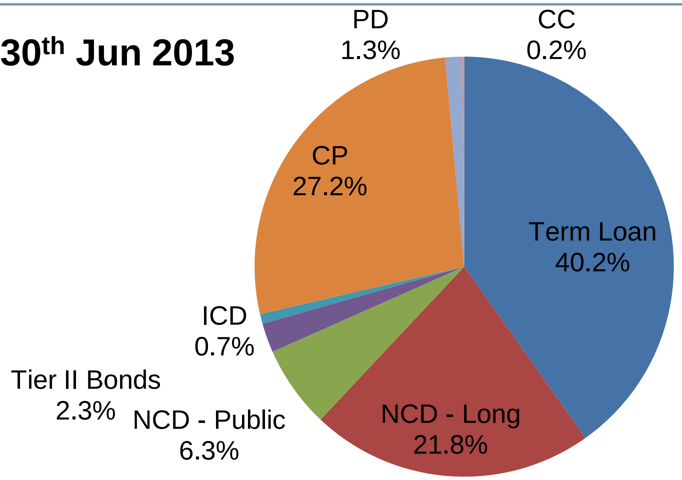


Total Debt – Rs. 12,512.0 Cr.

Debt Composition – Instrument wise

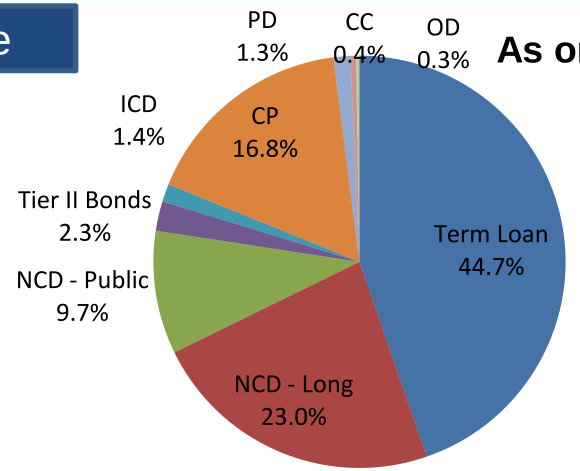
Retail & Corp Finance

As on 30th Jun 2013



Total Debt – Rs. 15,487.8 Cr.

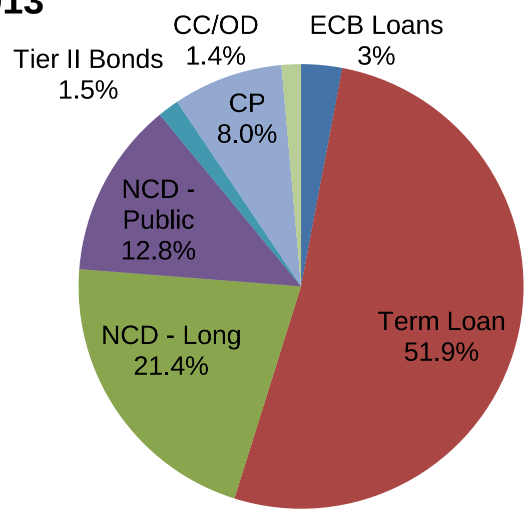
As on 31st Mar 2013



Total Debt – Rs. 15,101.7 Cr.

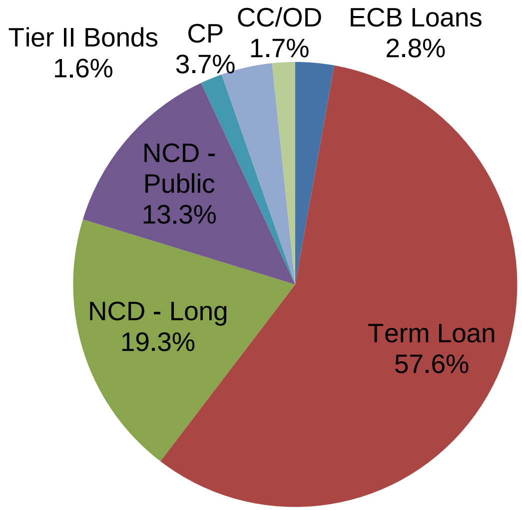
Infra Finance

As on 30th Jun 2013



Total Debt – Rs. 12,990.6 Cr.

As on 31st Mar 2013



Total Debt – Rs. 12,512.0 Cr.

L&T Finance Holdings

AUM Disclosure for Jun 2012

Table I

AUM REPORT FOR THE QUARTER ENDED JUNE 30, 2012

Asset class wise disclosure of AUM & AAUM

Rs. in Lakhs

Category	AUM as on the last day of the Quarter	Average AUM for the Quarter
Income	133384	152187
Equity (other than ELSS)	22842	22665
Balanced	0	0
Liquid	147313	126606
Gilt	219	182
Equity - ELSS	3053	2976
GOLD ETF	0	0
Other ETF	0	0
Fund of Fund investing overseas	0	0
Total	**306811**	**304617**

Table II

AUM REPORT FOR THE QUARTER ENDED JUNE 30, 2012

Disclosure of percentage of AUM by geography

Geographical Spread	% of Total AUM as on the last day of the Quarter
Top 5 Cities	88%
Next 10 Cities	7%
Next 20 Cities	3%
Next 75 Cities	2%
Others	0%
Total	**100%**

AUM Disclosure for Mar 2013

ASSETS UNDER MANAGEMENT ("AUM") REPORT FOR THE QUARTER ENDED MARCH, 2013

Asset class wise disclosure of AUM & Average AUM

Rs. in Lakhs

Category	AUM as on the last day of the Quarter	Average AUM for the Quarter
Income	357,087.80	294,388.49
Equity (other than ELSS)	354,819.60	384,523.07
Balanced	-	-
Liquid	305,343.25	308,037.47
Gilt	3,982.78	3,957.56
Equity - ELSS	111,863.34	119,859.81
GOLD ETF		
Other ETF		
Fund of Fund investing overseas	5,752.90	6,171.43
Total	1,138,849.67	1,116,937.84

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	14%
Next 20 Cities	5%
Next 75 Cities	4%
Others	6%
Total	100%

L&T Finance Holdings

AUM Disclosure for Jun 2013

ASSETS UNDER MANAGEMENT ("AUM") REPORT FOR THE QUARTER ENDED JUNE, 2013

Asset class wise disclosure of AUM & AAUM

Rs. in Lakhs

Category	AUM as on the last day of the Quarter i.e. June 30, 2013	Average AUM for the Quarter
Income	749,960.06	592,723.26
Equity (other than ELSS)	341,508.67	353,056.30
Balanced	-	-
Liquid	382,443.10	309,452.28
Gilt	3,648.53	3,613.53
Equity - ELSS	110,709.63	113,019.84
GOLD ETF	-	-
Other ETF	-	-
Fund of Fund investing overseas	6,542.46	6,284.66
Total	**1,594,812.45**	**1,378,149.87**

Disclosure of percentage of AUM by geography

Geographical Spread	% of Total AUM as on the last day of the Quarter
Top 5 Cities	77%
Next 10 Cities	13%
Next 20 Cities	4%
Next 75 Cities	3%
Others	3%
Total	**100%**

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

L&T Finance Holdings
8th Floor, City 2, Plot No 177,
CST Road, Vidyanagari Marg, Kalina,
Santacruz (East), Mumbai - 400 098

L&T Finance Holdings