Strategy & Results Update – Q1FY20

L&T Financial Services

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LTFH 2.0

Our Commitment

TO BE A COMPANY WHICH:

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

Q1FY20 in perspective

Industry challenges	LTFH Response

Tough liquidity conditions	• ALM continues to be positive in all buckets upto 1 year
	• Maintaining Rs.4,855 Cr in the form of cash, FDs and other liquid instruments
	• Proactively diversified funding sources
	  • Raised Rs. 1,000 Cr through retail NCD (in addition to Rs. 1,500 Cr in Q4FY19)
	  • Raised USD 275 Mn in Tranche 1 as part of USD 550 Mn ECB issuance programme, led by IFC
	• Already in compliance with key features of Draft Liquidity Risk Management Framework for NBFCs and CICs issued by RBI

Building a strong liability franchise through prudent ALM and diversified sources of funding

Industry challenges	LTFH Response
Solvency / Downgrades of certain companies	• Advantageously placed with AAA rating and strong parentage • Resolved IL&FS: Rs. 1,696 Cr out of Rs. 1,816 Cr exposure will now be “Green” • Exposure to a specific HFC: Mark down of 50% (Rs. 284 Cr) on the overall exposure of Rs. 567 Cr

Clear management action to decisively address contentious issues

Q1FY20 in perspective

Industry challenges	LTFH Response
Industry Slowdown	• In line with our stated strategy, our primary focus is on portfolio quality and profitability by consistently strengthening the risk profile • Protecting and further building strengths in our core businesses ✓ Enhanced strength by investing in footprint expansion, team quality enhancement, technology infrastructure and data analytics framework ✓ Focus on adjacencies and cross-sell: Refinance, top-up loans for existing good customers, used vehicle financing ✓ Identified businesses (SFG & DCM) where we are either a marginal player or have no "Right to Win" ✓ Moved these businesses to defocused book under SSG team, which has shown success by running down the defocused book without impacting profitability • Maintained market share by leveraging on business strengths • Building two new business segments i.e. SME business loans and consumer loans

Building business strengths so that we are ready for growth when the market picks-up

LTFH Response

1. Liability management
2. Update on specific accounts
3. Building business strengths

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Liability Management - Summary

- **Prudent ALM:** Strategy followed since Apr'17
  - ✓ Maintained positive liquidity gaps in all buckets till 1 year
  - ✓ Positive gaps maintained consistently even under '1 in 10' scenario in 1 month bucket
- **Liquidity:** Maintained liquidity of Rs. 13,133 Cr. including Rs. 4,855 Cr in the form of cash, FDs and other liquid instruments
- **Draft RBI guidelines on Liquidity Risk Management Framework**
  - ✓ Already in compliance with key features of draft regulations
- **Diversified funding through following:**
  - ✓ Retail NCD - Raised Rs. 1,000 Cr (in addition to Rs. 1,500 Cr in Q4FY19)
  - ✓ ECB - Raised USD 275 Mn in Tranche 1 as part of USD 550 Mn ECB issuance programme, led by IFC
- **Cost of funds:** Successfully raised the desired quantum and quality of funds at competitive rates

Advantageously placed with AAA rating and strong parentage

1.1 Credit rating – LTFH and subsidiaries

L&T FINANCE HOLDINGS (LTFH)

India Ratings & Research CARE ICRA	AAA (Long Term) A1+ (Short Term)
CRISIL	A1+ (Short Term)

L&T Finance | **L&T Housing Finance** | **L&T Infrastructure Finance**

India Ratings & Research CARE ICRA	AAA (Long Term)
CARE ICRA	A1+ (Short Term)

L&T Infra Debt Fund

CRISIL CARE ICRA	AAA (Long Term) A1+ (Short Term)

LTFH and all its lending subsidiaries are rated AAA

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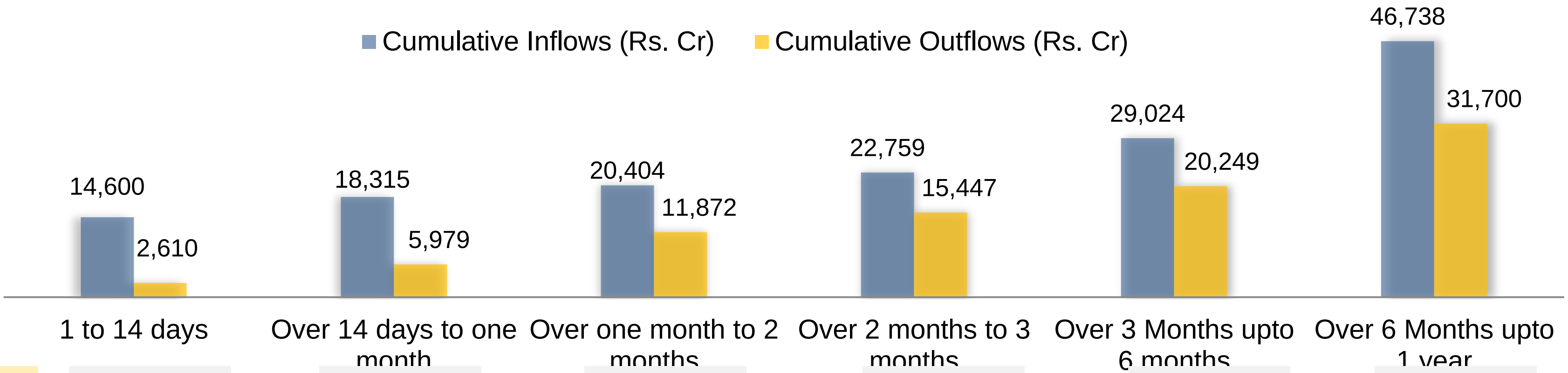
1.2 Prudent ALM

As on 30th June, 2019

Structural Liquidity statement



	1 to 14 days	Over 14 days to one month	Over one month to 2 months	Over 2 months to 3 months	Over 3 Months upto 6 months	Over 6 Months upto 1 year
Cumulative Positive Gap	**11,990**	**12,336**	**8,532**	**7,312**	**8,775**	**15,038**
Cumulative (%)	**459%**	**206%**	**72%**	**47%**	**43%**	**47%**

Interest Rate sensitivity statement

1 year Gap	Rs. Cr
Re-priceable assets	68,761
Re-priceable liabilities	58,033
Positive	**10,728**

Continue to maintain positive liquidity gaps in all buckets till 1 year

All figures are in Rs. Cr

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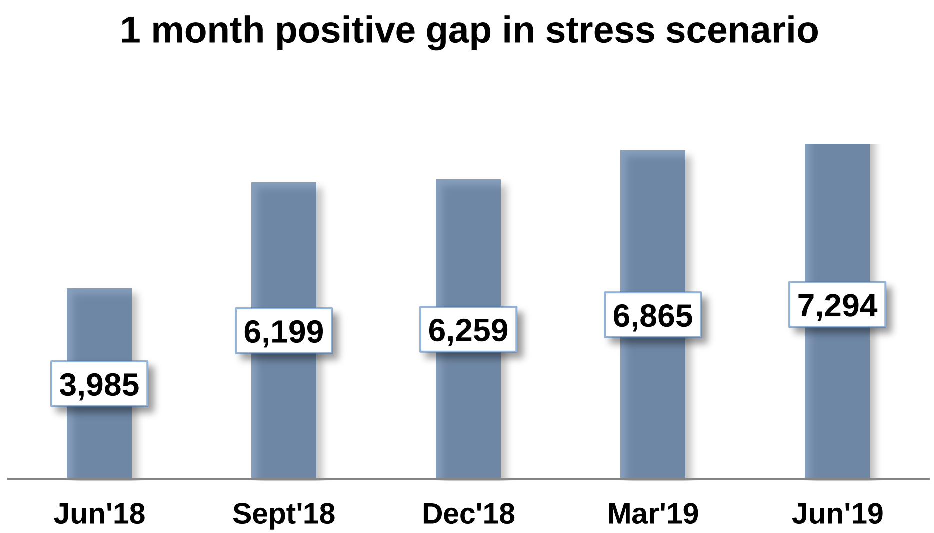
1.3 Structural Liquidity - Stress scenario



- ❖ Positive gaps maintained consistently even under '1 in 10' scenario in 1 month bucket
- ❖ As of Jun'19, Rs.13,133 Cr of liquidity is maintained through the following:
  - Rs. 4,855 Cr in the form of cash, FDs and other liquid instruments
  - Undrawn bank lines of Rs. 6,278 Cr
  - Back up line from L&T of Rs. 2,000 Cr

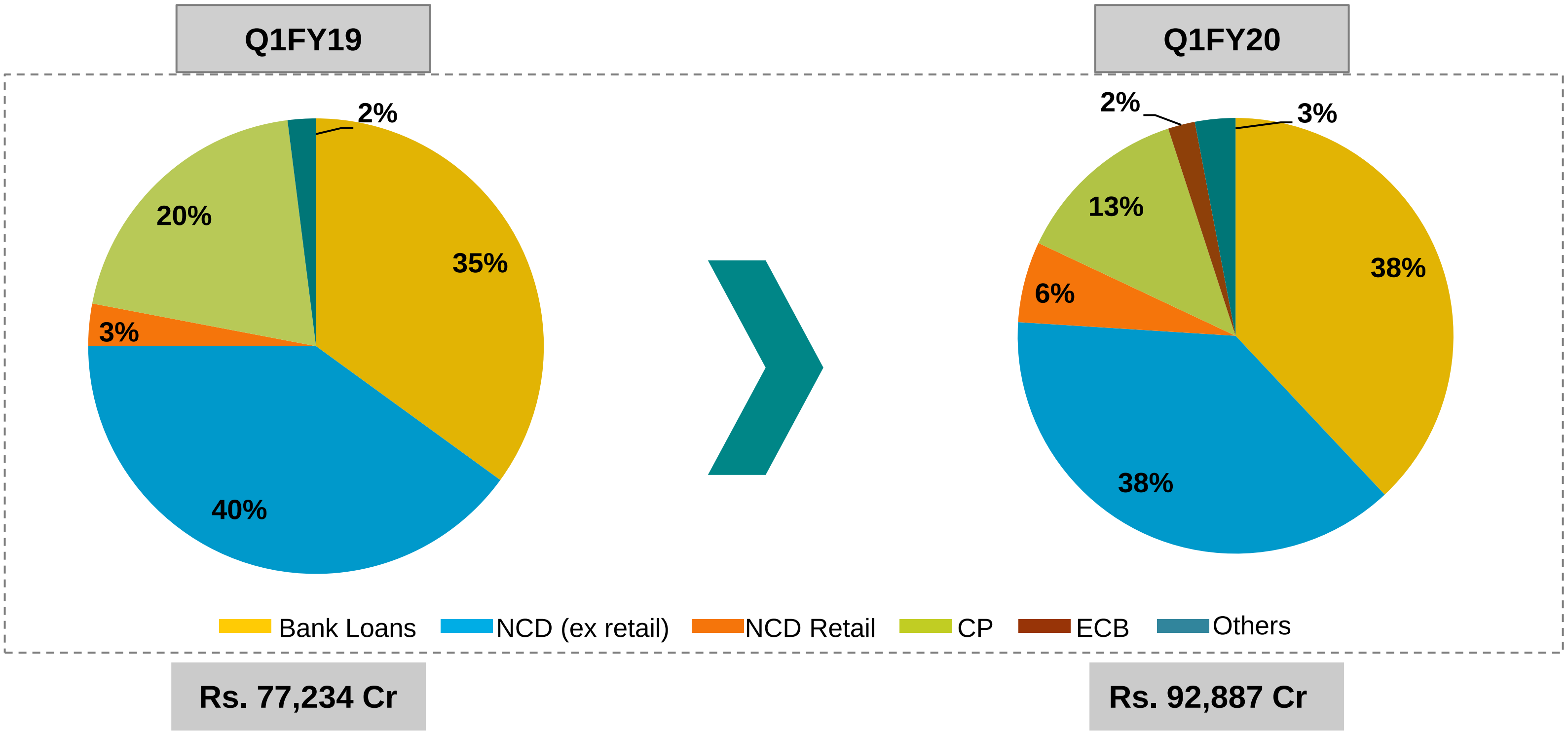
LTFH is already in compliance with key features of Draft Liquidity Risk Management Framework for NBFCs and CICs issued by RBI

All figures are in Rs. Cr

'1 in 10 Stress Scenario' description

- Collections short-fall - 15%
- Back up lines hair cut- 40% (i.e. LTFH is able to draw only 60% of Back up lines)

1.4 Well diversified liability mix



❖ **Diversified funding profile through:**

- Retail NCD - Raised Rs. 1,000 Cr (in addition to Rs. 1,500 Cr in Q4FY19)
- ECB - Raised USD 275 Mn in Tranche 1 as part of USD 550 Mn ECB issuance programme, led by IFC

Further diversify funding through USD bonds, Masala bonds etc.

* Others include Preference share, corporate bond repo, etc.

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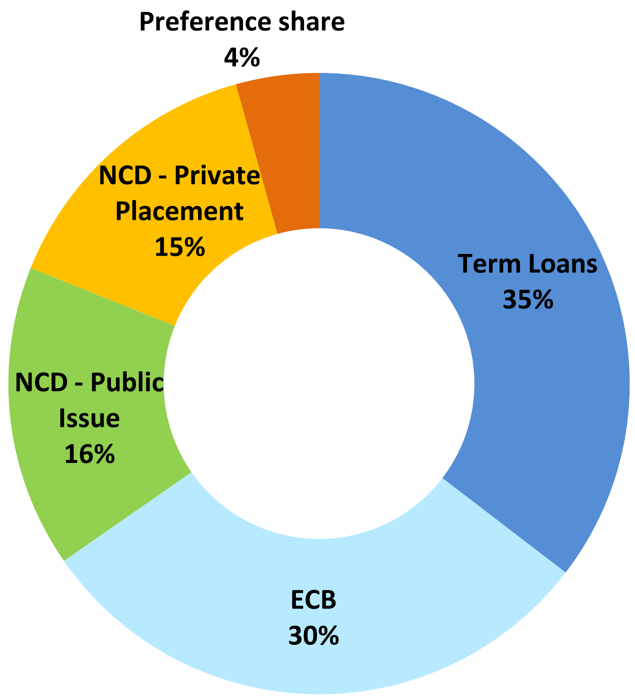
1.5 Incremental long-term borrowing in Q1 FY20



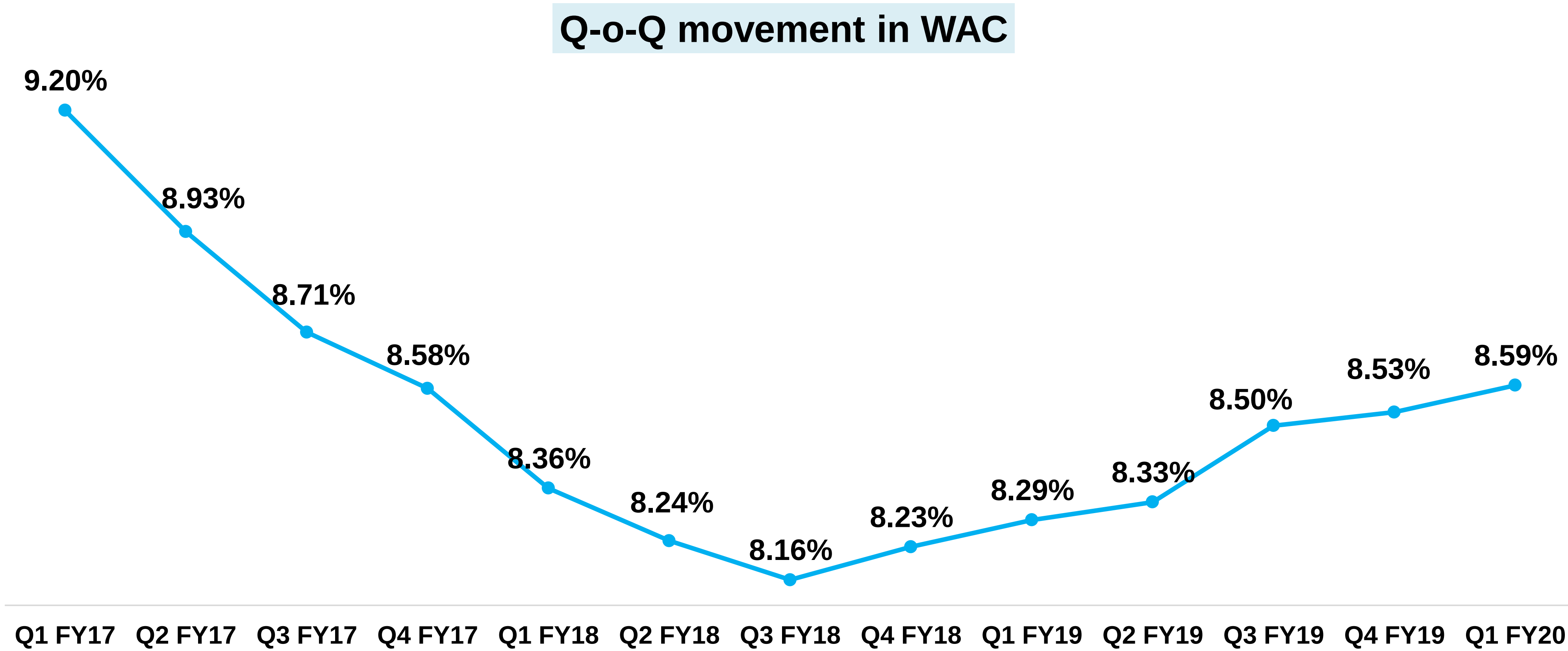
Rs. 6,355 Cr

Incremental Long Term Borrowing

Products	Rs. Cr
Term Loans	2,250
ECBs	1,902
NCD – Public Issue	1,000
NCD – Private Placement	929
Preference shares	274
Total	**6,355**

Strategically diversified funding to non-conventional sources (Retail NCD and ECB)

1.6 Well managed liability cost



Successfully raised the desired quantum and quality of funds at competitive rates

LTFH Response

1. Liability management
2. Update on specific accounts
3. Building business strengths

2.1 IL&FS – Validation of our business model

Break up of LTFH's exposure

31st March 2019

	Exposure (Rs. Cr)	SPVs
Green Entities	178	2
Amber Entities	1,612	4
Red Entities	No exposure	NIL

Current Status

	Exposure (Rs. Cr)	SPVs
Green Entities	1,696	5
Amber Entities	120	1
Red Entities	No exposure	NIL

Timelines

- **Q4FY19:** As a matter of commercial prudence, LTFH decided to defer interest accrued on amber entities for an amount of Rs. 84 Cr
- **May 2019:** NCLAT permitted ILFS / Union of India to discuss terms with lenders to convert "Amber" to "Green"
- **July 2019:** Term sheets for 3 Amber entities (Rs.1492 Cr out of Rs.1612 Cr) have been signed by IL&FS to convert to "Green" and the execution of the binding documents is in progress to release overdue payments to the lenders from the Escrow accounts in line with NCLAT order.
- Recognised Rs. 84 Cr of interest income deferred for Q3 and Q4 FY19

93% of our exposure (Rs.1,696 Cr of Rs.1,816 Cr) will now be "Green"

2.2 Exposure to a specific HFC – Downgraded to D

- Exposure to securities of a specific HFC was taken as part of DCM business when it was rated AAA
- Subsequently, the HFC was downgraded to “D”
- LTFH has principal outstanding investment exposure of Rs.525 Cr to the HFC with interest accrued of Rs. 42 Cr
- Considering the recent market development with the HFC, LTFH has taken a conservative and commercially prudent view to take mark down of 50% (Rs. 284 Cr) on the total exposure of Rs 567 Cr

As a measure of commercial prudence and taking a conservative view, mark down of 50% is taken

LTFH Response

1. Liability management
2. Update on specific accounts
3. Building business strengths

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Building Business Strength

Maintained market share by building and protecting strength in our core businesses	Market Share
Improved portfolio quality by strengthening the risk profile	Portfolio Quality
Business realignment with focus on ‘Right to Win’	Right to Win

1.1 Building and protecting strength

Rural Finance

Market Share

	Industry	LTFH
Farm	• Industry sales down by 10% - 15% • Higher inventory level on account of overstocking • Delayed and uneven rainfall in addition to lower reservoir level	• De-growth in disbursement by 5% while book grew by 20% • Maintained market share by increasing business presence through focus on refinance, top up & used tractor
2W	• Sales de-growth of 10-15% with higher impact for leading players • Increase in price of two-wheelers due to regulatory changes	• Increase in disbursement by 14% with book growth of 55% • Diversification through tie-up with other OEM's • Innovative products to target unfinanced low risk customers
Micro Loans	• Industry de-growth of 15-20% on account of slowdown in rural economy coupled with disruption on account of election • Delayed monsoons leading to delay of consumption / investment decision	• Disbursement trend in line with industry with de-growth of 13% while book grew by 37% • Took cautious approach due to election • Focus on under penetrated geographies and under leveraged customers

- **Maintained market share despite challenges in the sector**
- **Even though disbursement growth is subdued, book has seen healthy growth**

1.2 Building and protecting strength

Housing Finance

Market Share

	Industry	LTFH
Home Loan	• Steady retail sales in top cities • Reduction in GST and increase in limit of interest deduction for affordable housing • Drop in share of HFC and NBFCs due to liquidity crisis	• Disbursement growth of 12% with growth in salaried segment by 49% • Higher share of sourcing in projects of Cat A developers • Focus on direct sourcing through CF/APF & pre-approved loans
LAP	• Major industry players are taking cautious approach • Share of small NBFC's has increased as they are focusing on self-employed customers	• Disbursements continue to decline as we maintain a guarded approach through tighter credit policy • Cautious approach as SME segment continue to be risk averse
Real Estate	• Limited disbursements from NBFCs/HFCs on account of liquidity crunch • Increase in market share of Cat A developers • Smaller developer continue to see consolidation	• Continue disbursement to existing projects with focus on project completion • New sanctions targeted very selectively to Cat A developers with stringent guardrails

Continue to focus on Cat A developers with stringent guardrails

1.3 Building and protecting strength

Infrastructure Finance

Market Share

Infrastructure Finance

Industry	LTFH
• Sustained momentum in renewable sector (solar and wind) • Majority of projects financed by NBFCs & FIs • NHAI - Invited bids for Rs. 50 Bn under ToT scheme	• Stable disbursement with focus on sell down • Focus on key sectors: Road, Renewable and Transmission • Continue to maintain market share in renewable sector • Internal framework in place for evaluating opportunities in ToT

Market leadership position maintained in identified sectors with strong pipeline in place

2.1 Strengthened risk profile

Rural Finance

Portfolio Quality

Actions taken to ensure quality portfolio

Farm

- Focus on under penetrated states with better macro-economic indicators
- Use of data analytics for OEM classification and to identify areas of business growth with preferred OEMs
- Periodical recalibration of underwriting model based on loan tenure, ticket size, geography & climate patterns

2W

- Well diversified portfolio across OEMs
- Parameterized scorecard based model – improved performance with each of the new generation scorecards
- Periodical recalibration of underwriting model based on loan tenure, LTV and geography

Micro Loans

- Focus on under penetrated geographies with low customer indebtness and number of lenders
- Use of data analytics to formulate ideal group size and composition through system controls
- Periodical recalibration of sourcing based on overall customer indebtness, customer behavior and geography

Dynamic approach has demonstrated improvement in portfolio quality and reduction in GS3

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2.2 Strengthened risk profile

Real Estate

Portfolio Quality

Market Developments	Impact	LTFH Risk Mitigation Strategy
Demonetisation, GST & RERA	• Affected smaller developers • Higher impact in Tier II and Tier III cities	• Focus on funding to Category A developers • Present in 6 cities with presence of stronger developers
Change in market cycle	• Cyclical segments like Luxury affected • Regions with higher speculator demand saw highest impact on sales	• Focus on funding in mid and affordable stage which are less cyclical • Lending in luxury segment / regions driven by speculators done selectively in mid & late stage projects with definite financial closure
Liquidity	• Funding not available to developers from certain lenders	• Sole lenders in 97% of projects financed
Project completion	• Certain projects are stuck for lack of financial closure	• Dedicated in-house research team to determine sales and cash flow • Adequate funding to ensure project completion while maintaining strong cash flow and security cover

Using knowledge repository of L&T ecosystem, to identify CAT A developers & build our monitoring framework

2.3 Strengthened risk profile

Infrastructure Finance

Portfolio Quality

Under Construction Projects: Key Risk and Mitigant	
Equity Risk	Promoter equity brought upfront
Land Risk	Majority of land acquired upfront
PPA Risk	PPA in place
Evacuation Risk	Planning done upfront for load flow study and CTO connected projects
Forex Risk	Hedging done upfront
Cash Flow Risk post completion	Undertake projects with predictable cash flows and minimum market risk (HAM, Annuity, etc.)

Operational Projects

Cash Flow Risk

- Projects with established cashflow history
- Structuring loan tenor to match project cashflow
- Conservative underwriting assumptions to factor cashflow volatility, delayed payments etc
- No dependence on promoter equity for project maintenance, etc

Focus on cash flow based underwriting and strong project monitoring has resulted in Nil GS3 since 2012

3.1 Focus on 'Right to Win'

Right to Win

WHOLESALE FINANCE	TRANSITION	
Infrastructure Finance		**FOCUSED BUSINESS**
Infra Debt Fund (IDF)		Infrastructure Finance
Structured Corp Finance		Infra Debt Fund (IDF)
Supply Chain Finance		**DEFOCUSED PORTFOLIO**
Debt Capital Market (DCM)		Structured Corp Finance
		Debt Capital Market (DCM)
		EXITED
		Supply Chain Finance

- **SFG and DCM, where we are marginal players with no 'Right to Win' have been moved to defocused book**
- **Special Situation Group (SSG) has done a remarkable job in running down defocused book from 8% to 1% in last 3 years. Henceforth, they will be responsible for running down the SFG and DCM portfolio**

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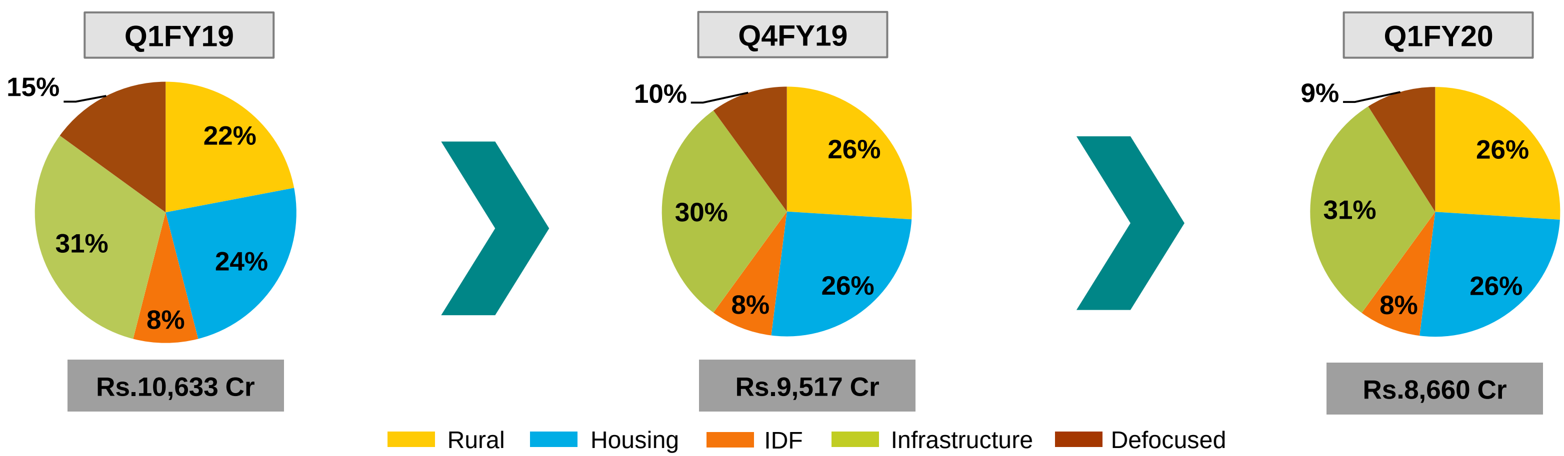
3.2 Book composition

Right to Win

ASSET MIX

FY16 to FY19: Successful rundown of defocused book

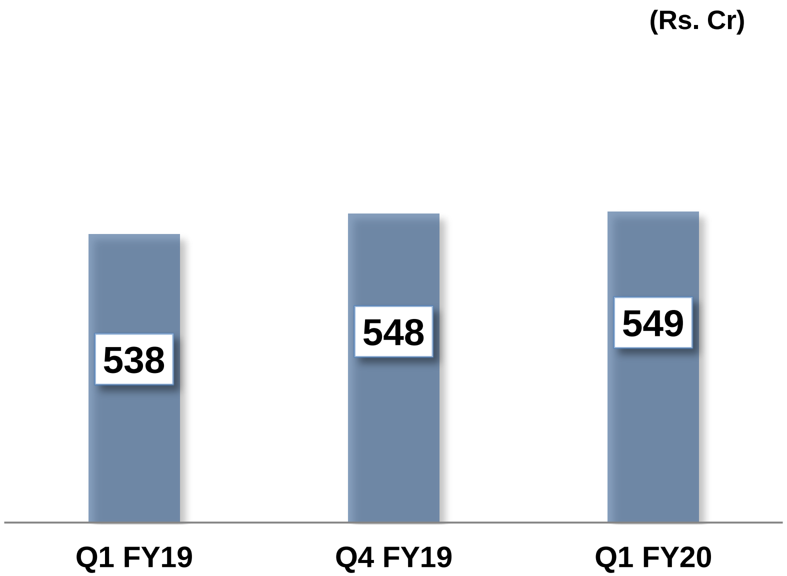
FY20 onwards: SFG and DCM have now been moved to defocused book



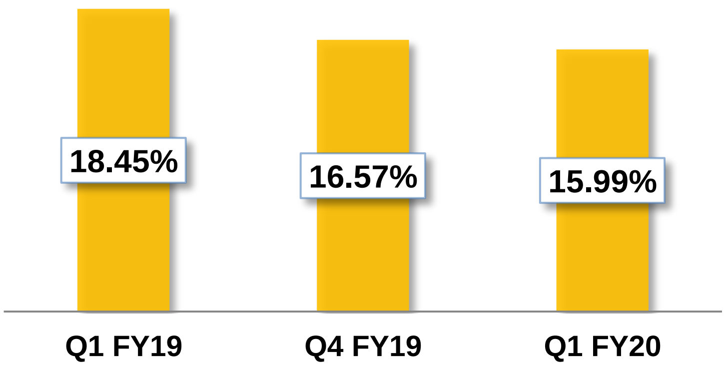
Financial Update

Our Delivery – PAT & RoE

PAT



RoE



Q1 FY20 results include one time adjustment of the following:

- Rs. 84 Cr of interest income for IL&FS that was deferred in Q4FY19 is now recognised
- Mark down of Rs 284 Cr towards exposure to a specific HFC

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Financial Performance

Q1FY20 vs Q1FY19

	Focused Book	Overall Book	AAuM[1]	AuS[2]
Q1FY20	Rs. 90,500 Cr	Rs. 99,904 Cr	Rs. 73,497 Cr	Rs. 25,589 Cr
Growth	24%	16%	3%	36%
Q1FY19	Rs. 73,278 Cr	Rs. 86,321 Cr	Rs. 71,118 Cr	Rs. 18,866 Cr

Q1FY19 Q1FY20

Steady growth in focused businesses

[1] Investment Management – AAuM (quarterly average)
[2] Wealth Management – Closing AuS

Growth in focused businesses

Lending Businesses

Rural Finance

Housing Finance

Infrastructure Finance

Non Lending Businesses

Investment Management

Wealth Management

Q1FY19 → Q1FY20

	Rural Finance	Housing Finance	Infrastructure Finance
Book	↑ *35%*	↑ *28%*	↑ *14%*
Disbursements	↓ *6%*	↓ *14%*	↓ *3%*

	Investment Management	Wealth Management
	AAuM[1]	AuS[2]
	↑ *3%*	↑ *36%*

[1] Investment Management – AAuM (quarterly average)

[2] Wealth Management – Closing AuS

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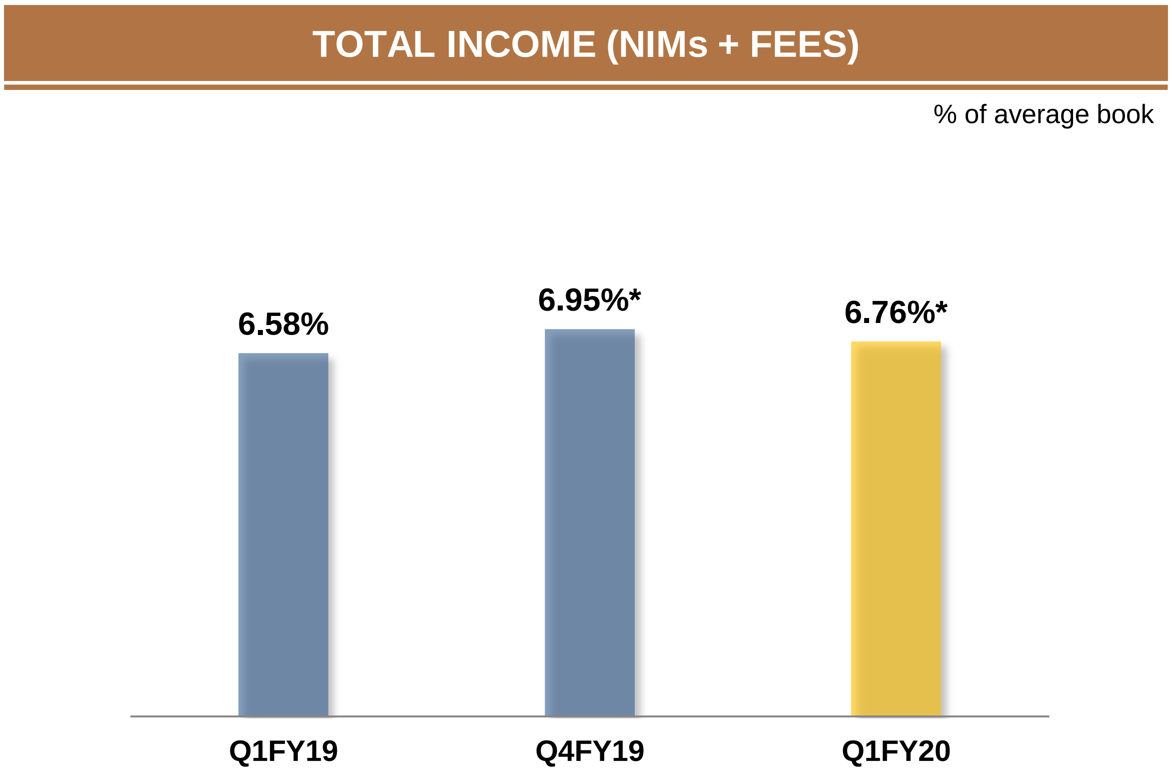
NIMs + Fee Income



Steady 'NIMs + Fees' by maintaining positive interest rate gaps

* Normalising for the impact of IL&FS
Actuals without normalization: Q4FY19 - 6.77% | Q1FY20 – 7.10%

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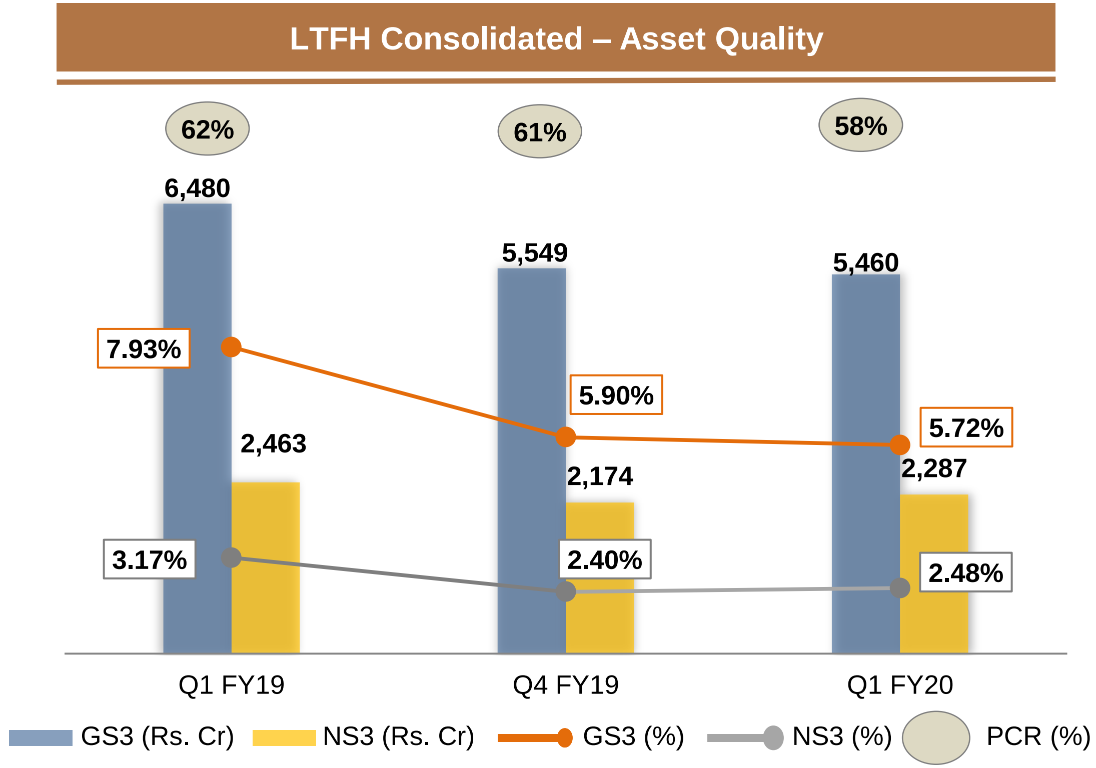
Strengthening Balance sheet – Asset Quality



Macro-prudential provisions of Rs. 350 Cr for unanticipated future event risk, over and above the expected credit losses on GS3 assets and standard asset provisions

 GS3 - Gross Stage 3; NS3 - Net Stage 3; PCR – Provision Coverage Ratio

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LTFH consolidated – Capital allocation and RoE bridge

Q1 FY19			Business Segments (Rs. Cr)	Q1 FY20			PAT Y-o-Y (%)
PAT	Net Worth	RoE		PAT	Net Worth	RoE	
193	2,986	28.04%	Rural Finance	252	3,962	26.20%	30%
166	2,700	25.70%	Housing Finance	208	3,874	22.07%	25%
77	3,426	9.03%	Infrastructure Finance	230	4,945	19.31%	199%
437	**9,112**	**19.93%**	**Lending Business**	**690**	**12,781**	**22.29%**	**58%**
2	855	-	Investment Management	66	1,020	-	-
3	47	-	Wealth Management	1	53	-	-
442	**10,014**	**18.29%**	**Focus Business Total**	**757**	**13,853**	**22.56%**	**71%**
112	2,010	-	De-focused Business	(174)	1,344	-	-
554	**12,024**	**18.86%**	**Businesses Total**	**582**	**15,197**	**15.60%**	**5%**
(16)	(72)	-	Others	(34)	(1,210)	-	-
538	**11,952**	**18.45%**	**LTFH Consol**	**549**	**13,988**	**15.99%**	**2%**

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Conclusion (1/2)

Liquidity and liability management

- AAA rating with strong parentage and diversification strategy has helped LTFH to raise adequate liabilities at a competitive rate
- Prudent ALM policy and adequate high quality liquid assets serves as an assurance of liquidity
- Budget measures clearly favouring sound NBFCs have enhanced the confidence of the market in these institutions.
- Slew of measures by RBI to further tighten regulations likely to bring more confidence in the sector

LTFH will continue with its strategy of prudent ALM and diversification of liability sources

Exposure to IL&FS and a specific HFC

- With IL&FS being resolved and exposure to HFC adequately provided for considering the worst case scenario, LTFH believes that both these issues are behind us

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Conclusion (2/2)

Building business strengths

- While we saw market slowdown in many of the business segments in Q1FY20, we have achieved the following:
  - Maintained market share
  - Invested more in our core businesses
  - Moved SFG and DCM, where we didn't have 'Right to Win', into defocused book with specific push on running them down quickly
  - Primary focus on portfolio quality and profitability. We have further tightened credit norms, early warning signal (EWS) framework, monitoring and collection mechanism

With strong balance sheet, improved portfolio quality and strong PCR, LTFH is building strengths to take advantage of the eventual turnaround in the industry

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Appendix

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LTFH Consolidated – Summary financial performance

Performance summary

Q1FY19	Summary P&L (Rs. Cr)	Q4FY19	Q1FY20	Y-o-Y (%)
2,564	Interest Income	3,046	3,287	28%
1,512	Interest Expense	1,832	1,918	27%
1,052	NIM	1,215	1,369	30%
359	Fee & Other Income	403	396	10%
1,411	Total Income	1,618	1,765	25%
330	Operating Expense	405	422	28%
1,081	Earnings before credit cost	1,213	1,342	24%
356	Credit Cost*	457	595	67%
538	**PAT**	**548**	**549**	**2%**

Q1FY19	Particulars (Rs. Cr)	Q4FY19	Q1FY20	Y-o-Y(%)
86,321	Book	99,121	99,904	16%
11,952	Networth	13,449	13,988	17%
60	Book Value per share (Rs.)	67	70	17%

*Credit cost in Q1 FY20 includes one time mark down of Rs. 284 Cr towards exposure to a specific HFC

LTFH Consolidated – Key ratios

Key ratios

Q1FY19	Key Ratios	Q4FY19	Q1FY20
11.95%	Yield	12.75%	13.22%
4.90%	Net Interest Margin	5.08%	5.51%
1.67%	Fee & Other Income	1.69%	1.59%
6.58%	NIM + Fee & Other Income	6.77%	7.10%
1.54%	Operating Expenses	1.70%	1.70%
5.04%	Earnings before credit cost	5.07%	5.40%
1.66%	Credit cost*	1.91%	2.39%
2.42%	Return on Assets	2.14%	2.07%
6.27	Debt / Equity	6.50	6.16
18.45%	**Return on Equity**	**16.57%**	**15.99%**

Entity	Tier I	Tier II	CRAR
Consolidated CRAR ratio	15.05%	3.33%	18.38%

*Credit cost in Q1 FY20 includes one time mark down of Rs. 284 Cr towards exposure to a specific HFC

Lending Business – Business wise disbursement split

Disbursement				
Q1FY19	**Segments (Rs. Cr)**	**Q4FY19**	**Q1FY20**	**Y-o-Y (%)**
915	Farm Equipment	845	874	-5%
952	2W Finance	1,262	1,090	14%
2,613	Micro Loans	2,705	2,268	-13%
4,480	**Rural Finance**	**4,812**	**4,232**	**-6%**
590	Home Loans	808	661	12%
295	LAP	227	188	-36%
1,572	Real Estate Finance	2,013	1,275	-19%
2,458	**Housing Finance**	**3,047**	**2,123**	**-14%**
3,126	Infrastructure Finance	4,256	3,252	4%
222	Infra Debt Fund (IDF)	340	-	-100%
3,348	**Infrastructure Finance**	**4,596**	**3,252**	**-3%**
10,286	**Focused Business**	**12,455**	**9,608**	**-7%**
4,747	De-focused	319	-	-100%
15,033	**Total Disbursement ***	**12,774**	**9,608**	**-36%**

* Excludes IPO funding , trade advance and sovereign book

Lending Business – Business wise book split

Book				
Q1FY19	**Segments (Rs. Cr)**	**Q4FY19**	**Q1FY20**	**Y-o-Y (%)**
6,199	Farm Equipment	7,362	7,463	20%
3,771	2W Finance	5,739	5,857	55%
9,109	Micro Loans	12,476	12,524	37%
19,079	**Rural Finance**	**25,577**	**25,845**	**35%**
4,913	Home Loans	6,243	6,615	35%
4,195	LAP	4,249	4,217	1%
11,248	Real Estate Finance	15,027	15,201	35%
20,356	**Housing Finance**	**25,519**	**26,033**	**28%**
26,524	Infrastructure Finance	29,460	30,315	14%
7,318	Infra Debt Fund (IDF)	8,201	8,307	14%
33,843	**Infrastructure Finance**	**37,660**	**38,623**	**14%**
73,278	**Focused Business**	**88,756**	**90,500**	**24%**
13,043	De-focused	10,365	9,403	-28%
86,321	**Total Book***	**99,121**	**99,904**	**16%**

* Excludes IPO funding and sovereign debt

Rural Finance – Summary financial performance

Performance summary

Q1FY19	Summary P&L (Rs. Cr)	Q4FY19	Q1FY20	Y-o-Y (%)
823	Interest Income	1,155	1,195	45%
316	Interest Expense	421	469	48%
507	NIM	734	726	43%
74	Fee & Other Income	90	109	48%
581	Total Income	824	835	44%
137	Operating Expense	222	258	88%
443	Earnings before credit cost	602	577	30%
186	Credit Cost	252	223	20%
193	**PAT**	**250**	**252**	**30%**

Q1FY19	Particulars (Rs. Cr)	Q4FY19	Q1FY20	Y-o-Y (%)
19,079	Book	25,577	25,845	35%
2,986	Networth	3,719	3,962	33%

Rural Finance – Key ratios

Key ratios			
Q1FY19	Key ratios	Q4FY19	Q1FY20
18.33%	Yield	18.85%	18.54%
11.28%	Net Interest Margin	11.97%	11.32%
1.64%	Fee & Other Income	1.48%	1.70%
12.93%	NIM + Fee & Other Income	13.45%	13.02%
3.05%	Operating Expenses	3.62%	4.02%
9.87%	Earnings before credit cost	9.83%	9.00%
4.14%	Credit cost	4.11%	3.48%
4.30%	Return on Assets	3.98%	3.89%
5.24	Debt / Equity	5.67	5.41
28.04%	**Return on Equity**	**27.12%**	**26.20%**

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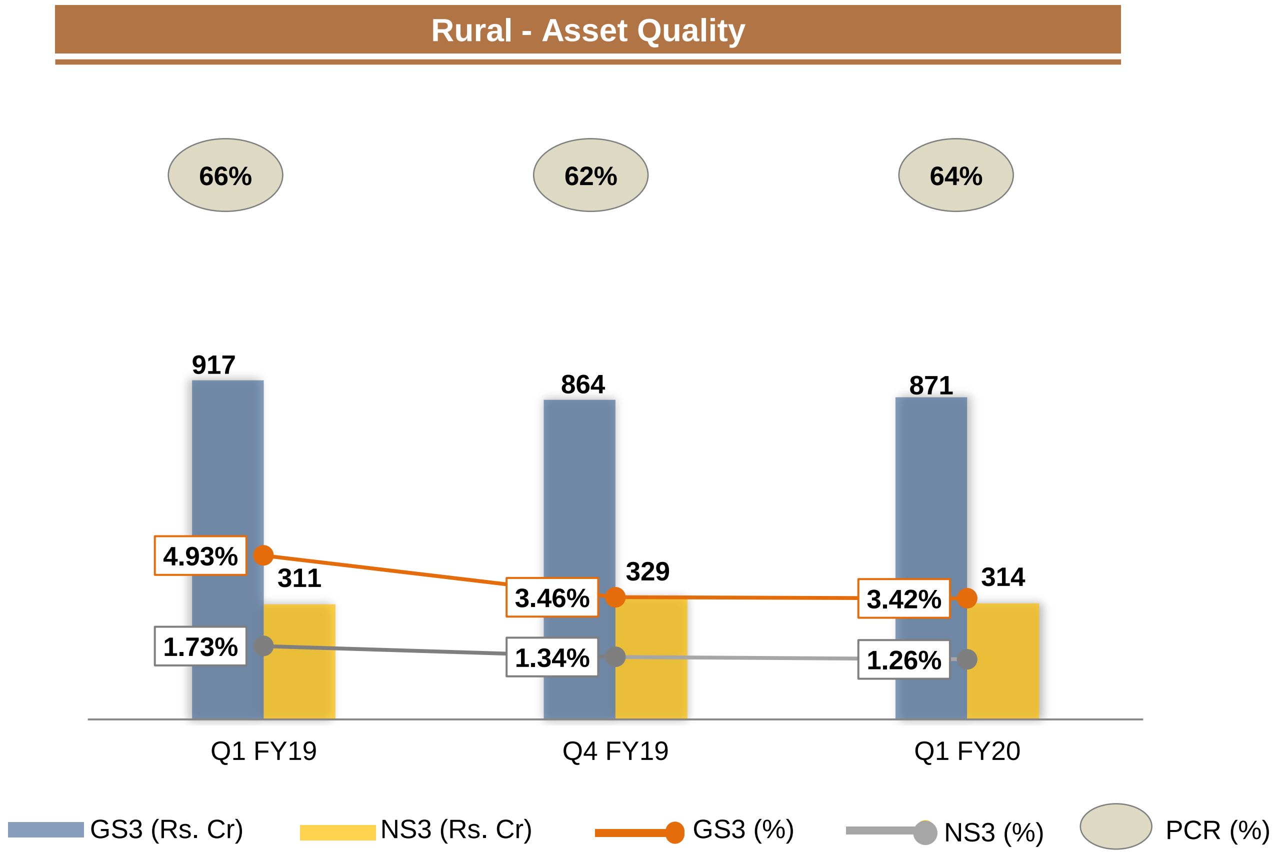
Rural Finance - Asset quality



Macro-prudential provisions of Rs. 235 Cr for unanticipated future event risk, over and above the expected credit losses on GS3 assets and standard asset provisions

GS3 - Gross Stage 3; NS3 - Net Stage 3; PCR – Provision Coverage Ratio

Housing Finance – Summary financial performance

Performance Summary

Q1FY19	Summary P&L (Rs. Cr)	Q4FY19	Q1FY20	Y-o-Y (%)
597	Interest Income	777	828	39%
343	Interest Expense	428	484	41%
254	NIM	349	344	35%
77	Fee & Other Income	63	62	-19%
331	Total Income	412	407	23%
38	Operating Expense	46	59	57%
293	Earnings before credit cost	365	347	18%
66	Credit Cost	38	58	-12%
166	**PAT**	**229**	**208**	**25%**

Q1FY19	Particulars (Rs. Cr)	Q4FY19	Q1FY20	Y-o-Y (%)
20,356	Book	25,519	26,033	28%
2,700	Networth	3,667	3,874	43%

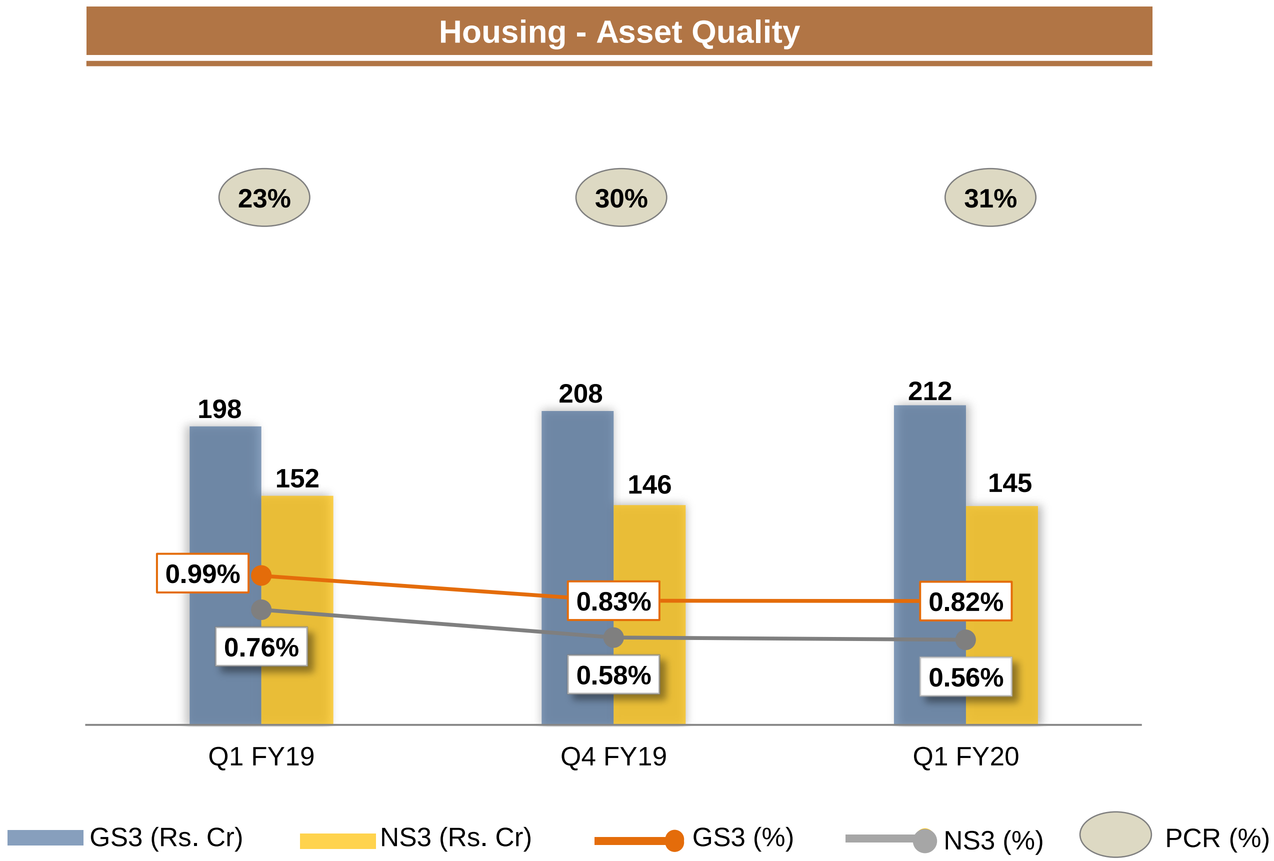
L&T Financial Services

Housing Finance – Key ratios

Key ratios			
Q1FY19	Key ratios	Q4FY19	Q1FY20
12.12%	Yield	12.90%	12.90%
5.16%	Net Interest Margin	5.79%	5.36%
1.56%	Fee & Other Income	1.05%	0.97%
6.72%	NIM + Fee & Other Income	6.84%	6.33%
0.76%	Operating Expenses	0.77%	0.92%
5.95%	Earnings before credit cost	6.07%	5.41%
1.34%	Credit cost	0.64%	0.90%
3.21%	Return on Assets	3.51%	3.01%
6.61	Debt / Equity	5.99	5.84
25.70%	**Return on Equity**	**26.85%**	**22.07%**

L&T Financial Services

Housing Finance - Asset quality



Macro-prudential provisions of Rs. 115 Cr for unanticipated future event risk, over and above the expected credit losses on GS3 assets and standard asset provisions

 GS3 - Gross Stage 3; NS3 - Net Stage 3; PCR – Provision Coverage Ratio

Infrastructure Finance – Summary financial performance

Performance summary

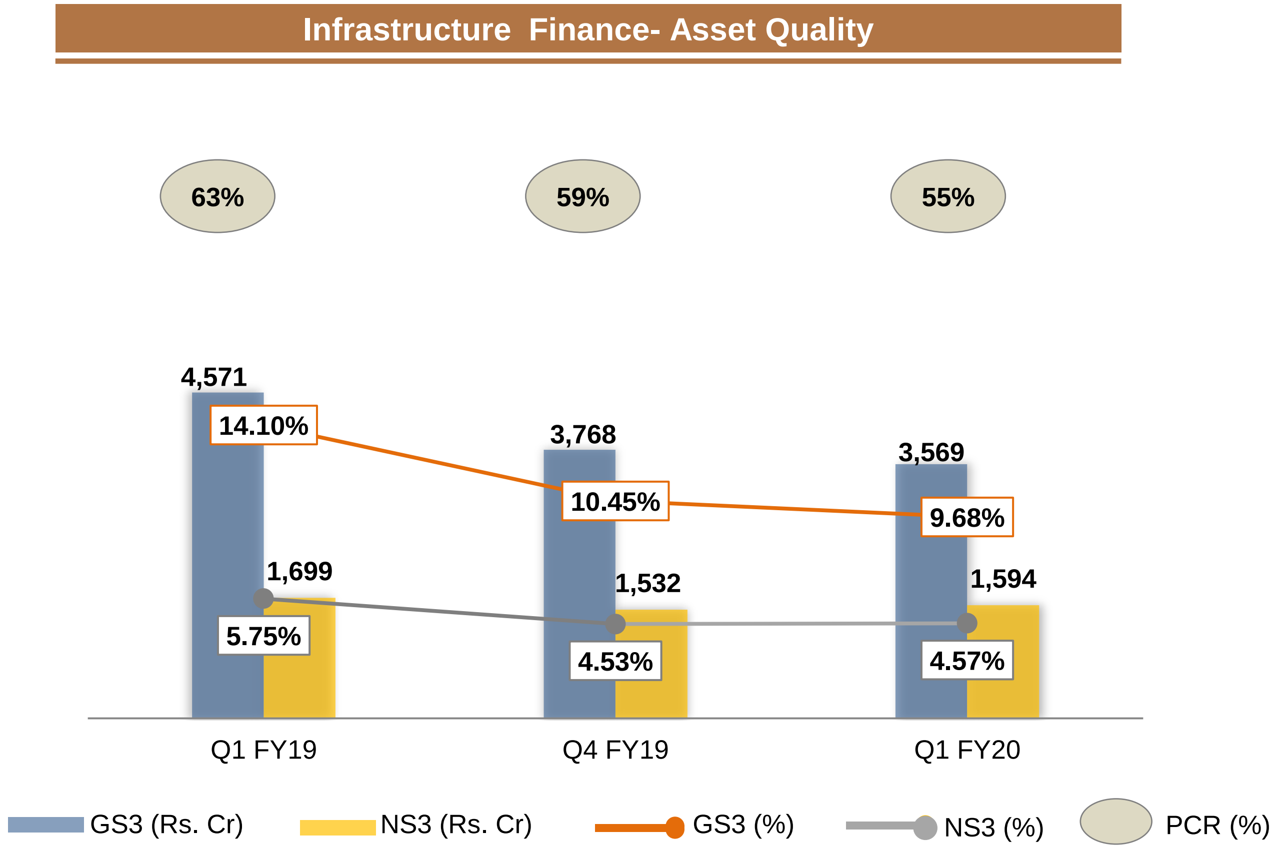
Q1FY19	Summary P&L (Rs. Cr)	Q4FY19	Q1FY20	Y-o-Y (%)
785	Interest Income	835	1,014	29%
617	Interest Expense	697	743	20%
168	NIM	138	272	62%
128	Fee & Other Income	104	111	-14%
296	Total Income	242	383	29%
58	Operating Expense	58	54	-7%
238	Earnings before credit cost	184	328	38%
141	Credit Cost	67	4	-97%
77	**PAT**	**63**	**230**	**199%**

Q1FY19	Particulars (Rs. Cr)	Q4FY19	Q1FY20	Y-o-Y (%)
33,843	Book	37,660	38,623	14%
3,426	Networth	4,711	4,945	44%

Infrastructure Finance – Key ratios

Key ratios			
Q1FY19	Key ratios	Q4FY19	Q1FY20
9.29%	Yield	9.30%	10.64%
1.99%	Net Interest Margin	1.54%	2.85%
1.52%	Fee & Other Income	1.16%	1.16%
3.51%	NIM + Fee & Other Income	2.69%	4.01%
0.69%	Operating Expenses	0.64%	0.57%
2.82%	Earnings before credit cost	2.05%	3.44%
1.67%	Credit cost	0.74%	0.04%
0.91%	Return on Assets	0.67%	2.29%
8.67	Debt / Equity	6.83	6.68
9.03%	**Return on Equity**	**5.73%**	**19.31%**

Infrastructure Finance - Asset quality



GS3 - Gross Stage 3; NS3 - Net Stage 3; PCR – Provision Coverage Ratio

Infrastructure Finance – Portfolio wise split

DISBURSEMENT

Sectors (Rs. Cr)	Q1FY19	Q4FY19	Q1FY20	Y-o-Y (%)
Renewable Power	2,658	2,175	1,845	(31%)
Roads	115	2,106	263	129%
Power Transmission	49	221	1,030	-
Others[1]	526	95	114	(78%)
Total	**3,348**	**4,596**	**3,252**	**(3%)**

LOAN BOOK

Sectors (Rs. Cr)	Q1FY19	Q1FY19 (% of Total)	Q4FY19	Q4FY19 (% of Total)	Q1FY20	Q1FY20 (% of Total)	Y-o-Y (%)
Renewable Power	17,176	51%	19,314	**51%**	19,946	**52%**	16%
Roads	6,545	19%	9,237	**25%**	9,271	**24%**	42%
Power Transmission	1,875	6%	1,473	**4%**	2,367	**6%**	26%
Others[1]	8,247	24%	7,636	**20%**	7,038	**18%**	(15%)
Total	**33,843**	**100%**	**37,660**	**100%**	**38,623**	**100%**	**14%**

[1] Others includes infra project implementers, telecom, thermal power, healthcare, water treatment, etc.

AUM disclosure – Investment Management Business

Assets under Management (Rs. Cr)

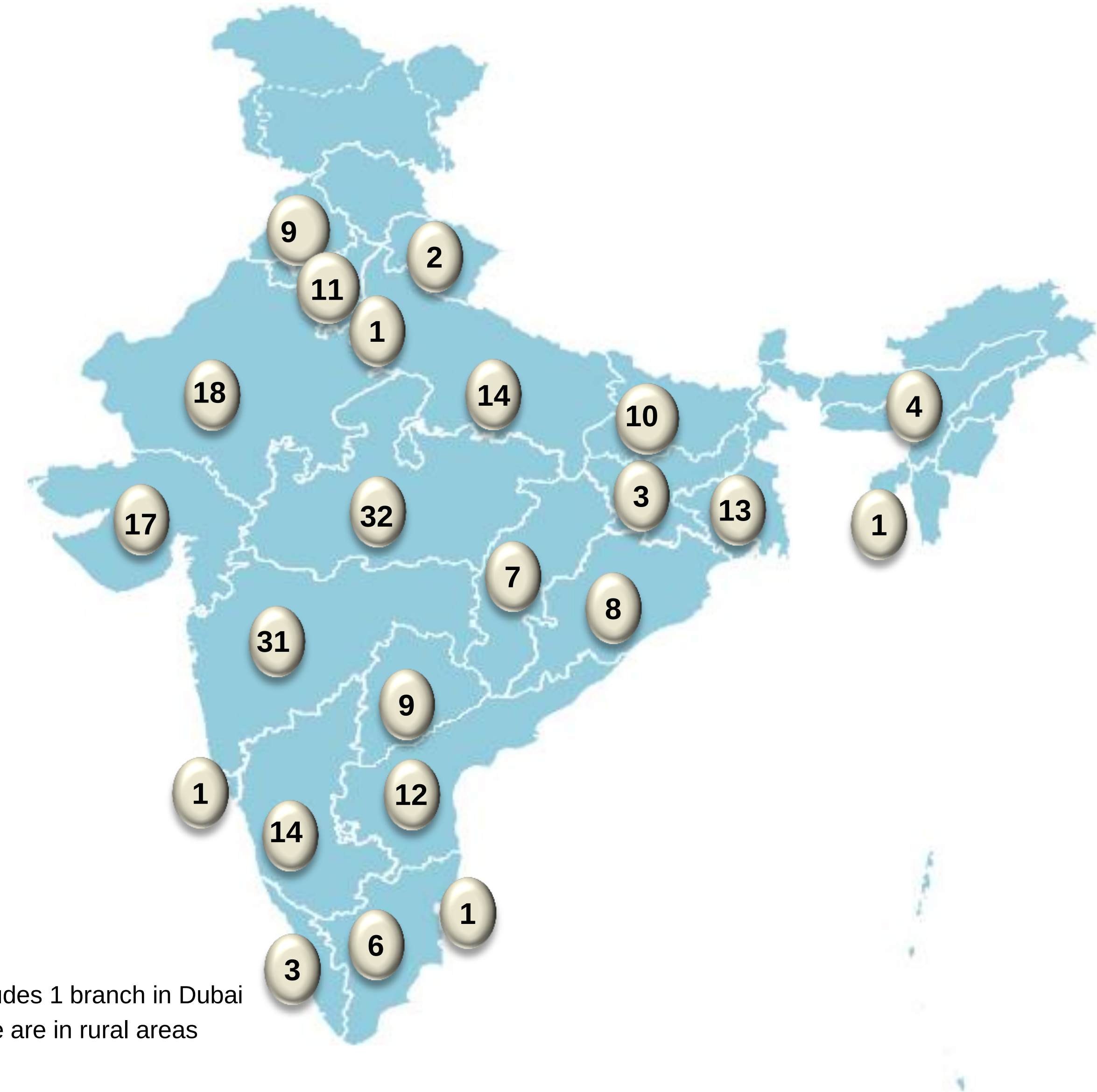
	Quarter ended June 2018		Quarter ended March, 2019		Quarter ended June, 2019	
Fund Type	**AUM[1]**	**Avg. AUM[2]**	**AUM[1]**	**Avg. AUM[2]**	**AUM[1]**	**Avg. AUM[2]**
Equity (Other than ELSS)	35,494	35,443	38,551	36,577	38,293	38,038
Equity – ELSS	3,173	3,219	3,338	3,163	3,385	3,337
Income	14,157	14,740	15,624	14,177	16,367	16,480
Liquid	16,801	17,564	12,049	16,896	8,900	15,513
Gilt	148	152	128	131	136	129
Total	**69,773**	**71,118**	**69,689**	**70,944**	**67,081**	**73,497**

[1] As on the last day of the Quarter [2] Average AUM for the Quarter

Product profile and Geographies

BUSINESS		Average Ticket Size	Average Tenor	Major Geographies
Rural	Farm Equipment	Rs. 4 Lacs	48 months	MP, Karnataka, UP, Maharashtra, Telangana, Bihar , AP, Haryana
	Two Wheeler	Rs. 58k	26 months	Kolkata, Pune, Mumbai, Bangalore Hyderabad ,Ahmedabad, Bhubaneswar
	Micro Loan (Joint Liability Group)	Rs. 33k	24 months	TN, Bihar, Karnataka, Orissa, West Bengal, Kerala, Assam, MP, Gujarat
Housing	Home Loan	Rs. 39 Lacs	16 years	Mumbai, Delhi, Bangalore, Pune, Hyderabad, Chennai & Surat
	Loan against Property	Rs. 52 Lacs	13 years	Bangalore, Pune, Mumbai, Delhi, Surat, Hyderabad, Rajkot

LTFH branch footprint



As of 30th June, 2019

No. of States & Union Territories	21 & 2
No. of branches*	228
No. of Micro Loans meeting centers**	1,234
No. of employees	21,781

*Also includes 1 branch in Dubai

**All these are in rural areas

L&T Financial Services

Awards & Recognition

Golden Peacock Award for "Excellence in Corporate Governance“

(October, 2018)

Asian Centre Awards for "Best Audit Committee“

(October, 2018)

The CII National HR Circle Competition 2018 winner for "Management of Change & Excellence in HRM“

(September, 2018)

Leading Indian Mandated Lead Arranger and Book Runner for Green loans in APAC (ex-Japan)

(January, 2019)

L&T Finance Holdings featured in "Forbes Super 50 Companies“

(August, 2018)

(June,2019)

Corporate Social Responsibility

Directly linked to creating value

FOCUS: GENERATION OF SUSTAINABLE RURAL LIVELIHOODS

	Water resource management	Digital financial inclusion
		
Target Group	60,000 farmers directly	650 Digital Sakhis, 5500+ women entrepreneurs (WE) and 5,15,000 community members
Intervention	• 2,119 men farmers and 1,134 women farmers trained on climate resilience agriculture through awareness camps • Capacity of 148 TCM created through rainwater harvesting structures	• Digital Sakhi project launched by Hon. Governor of Tamil Nadu in the state • Partnership with National Payment Corporation of India (NPCI) • 98,078 Community members were trained by Digital Sakhis
Location	122 villages in Aurangabad, Beed, Buldhana, Jalna, Latur, Solapur & Osmanabad districts of Maharashtra	144 villages in Maharashtra, Madhya Pradesh, Tamil Nadu and Odisha

Provided relief to 19,983 people of Odisha affected by Cyclone Fani

Focus on social returns on investment for stakeholder value creation

L&T Financial Services

Board comprises majority of Independent Directors

Board of Directors

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

- Chairman of Future Lifestyle Fashions Limited, Blue Star Limited & NSDL e-Governance Infrastructure Limited
- 40 + years of experience in audit, tax and consulting

R. Shankar Raman, *Non-Executive Director*

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

Thomas Mathew T., *Independent Director*

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

Dr. Rajani Gupte, *Independent Director*

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

Prabhakar B., *Non-Executive Director*

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

Dinanath Dubhashi, *Managing Director & CEO*

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

P. V. Bhide, *Independent Director*

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

Nishi Vasudeva, *Independent Director*

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

Pavninder Singh, *Nominee Director*

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

Management Team

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

Sunil Prabhune
CE – Rural & Group Head – Digital ,IT & Analytics
21 yrs exp, ICICI Bank, GE, ICI

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

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

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

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

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

S Anantharaman
Chief Risk Officer
27 yrs exp, HDFC Bank, Al Ahli Bank of Kuwait, SBICI

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

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

Abhishek Sharma
Chief Digital Officer
16 yrs exp, Indian Army

L&T Financial Services

Deliver sustainable RoE

Registered Office:

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