Building to become a comprehensive player

Investor Presentation, FY 13

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

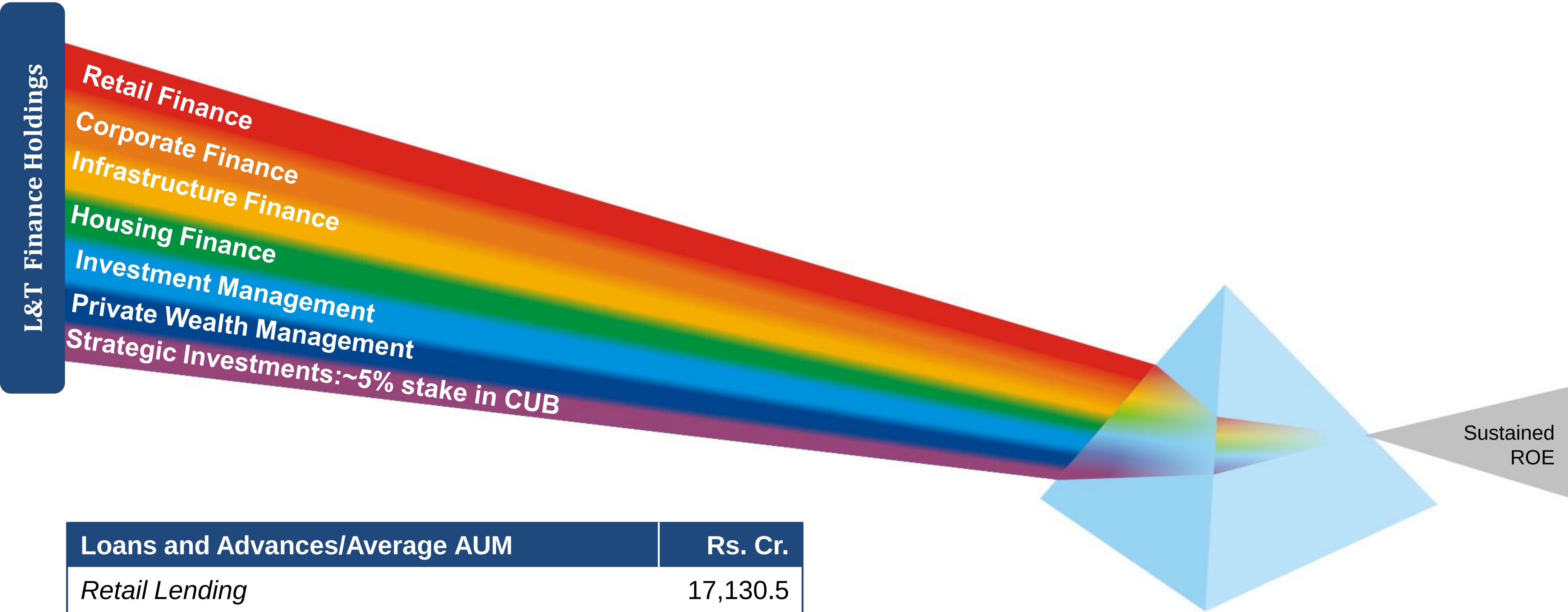
- Common Property Services
- Holds all LTFH Properties

L&T Unnati Finance

Network of 100+ branches across 21 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

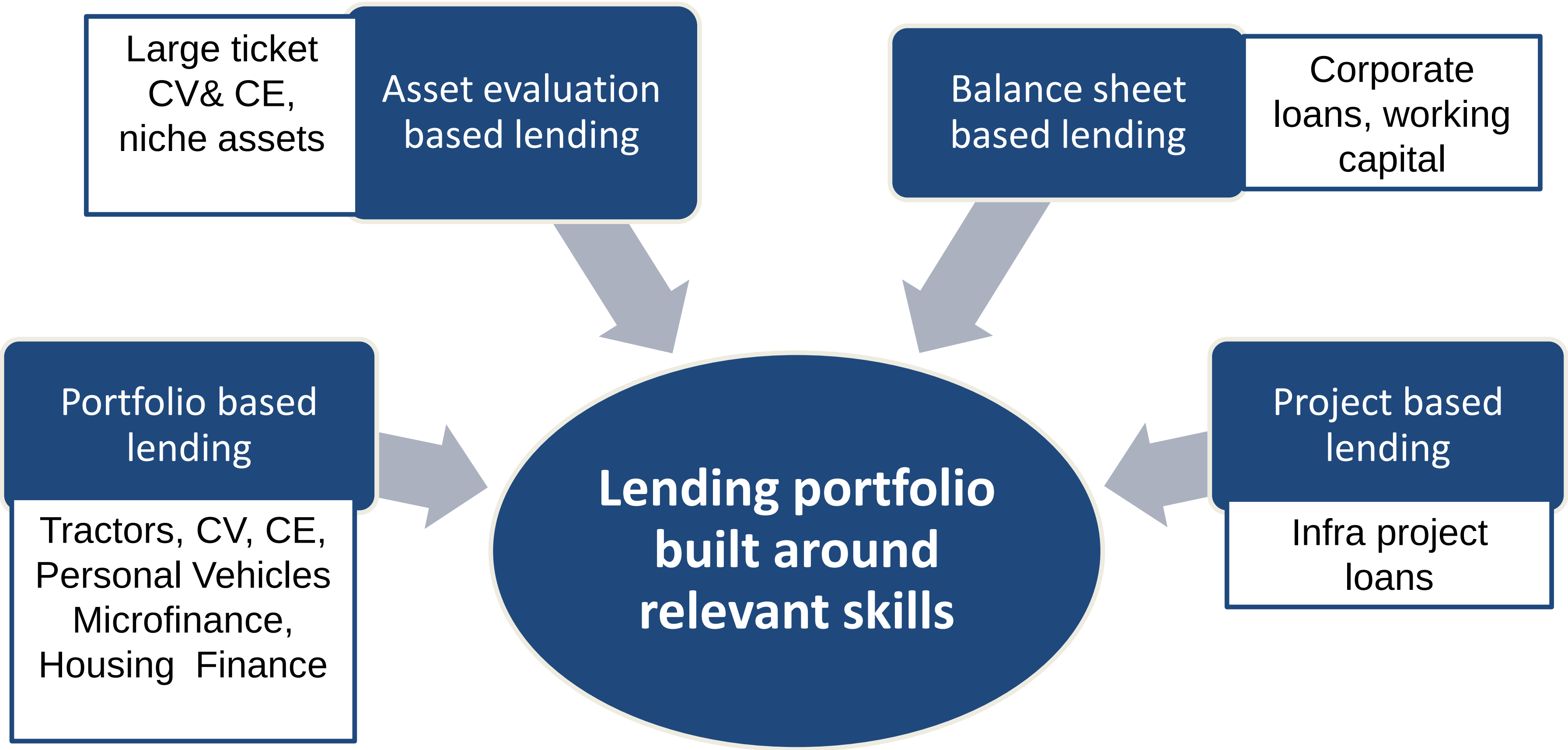
Building to become a comprehensive player with critical size



Loans and Advances/Average AUM	Rs. Cr.
Retail Lending	17,130.5
Wholesale Lending	16,179.3
Investment Management[1]	11,169.0
Private Wealth Management[1]	2,040.0

Notes:
[1]AAUM is average for the quarter

Talent with relevant knowledge and deep experience



Key Milestones

Diversification across new business opportunities

1994
- Incorporation of L&T Finance

2007
- LTF started CV financing
- LTIF was established

2008
- LTFH's Total Assets cross Rs. 10,000 Cr.
- LTF starts distribution of 3rd party products
- LTF forays into MFI & Capital Market products

2009
- Maiden public issue of NCDs by LTF

2010
- LTIF gets IFC status, and launches Infra Bonds
- LTF acquires DCAM; forays into MF business

2011
- IPO of LTFH; becomes the 1st listed subsidiary of L&T
- LTIF is notified as a PFI
- LTFH's Total Assets cross Rs. 20,000 Cr.

2012
- LTFH's Total Assets cross Rs. 30,000 Cr.
- Entry into Housing Finance by acquiring IPHF
- Acquisition of Fidelity's MF biz in India
- Entry into 2W Finance by acquiring Family Credit

2013
- Incorporated L&T Capital Markets - Platform for Wealth Management
- Maiden issue of Preference Shares worth Rs. 750 Cr by LTFH




Highlights

L&T Finance Holdings

Industry Overview

Macro Environment

- Continued economic weakness characterized by lack of new investments, low credit demand and persistently high inflation
    - CAD at a record 6.7% of GDP for Q3FY13 on account of surging oil, gold imports - With FDI inflows expected to be muted, increased dependency on volatile FIIs funding CAD (Source: ICRA)
    - Economy yet to witness any positive impact of relaxed ECB norms, increased FII debt limits, proposed liberalization of FDI, postponement of GAAR and higher duties on gold
    - Government focus on keeping fiscal deficit within budgeted target by deferring/reducing government spending, deregulation of fuel prices and managing subsidy bill by plugging leakages
        - Indicates move towards fiscal consolidation, while the quality of fiscal deficit continues to be a concern
    - As on 22nd Mar 2013, non food credit growth was 14.04% Y-o-Y v/s 16.80% in FY12 (Source: RBI)
- Corporate sector continues to be under stress due to stretched working capital cycles
    - Substantial increase in cases referred to CDR cell in FY13 as compared to FY12
    - Easing demand pressures, cooling off of commodity prices and anticipated interest rate cuts expected to aid gradual recovery in FY14 (Source: CRISIL)
- Projected growth target of 6.4% for FY14 in the Union Budget to depend largely on effective implementation of policy initiatives, speeding up investments and clearances for infrastructure development

Banking License Guidelines

- Final guidelines for issuing new banking licenses notified by RBI
    - Guidelines largely in line with the draft guidelines issued earlier

Summary Financial Performance

Q4FY12	FY12	(Amounts in Rs. Cr.)	Q3FY13	Q4FY13	FY13	Y-o-Y Q4 v/s Q4	Y-o-Y FY13 v/s FY12
Lending Businesses[1] (Retail, Corporate, Infrastructure & Housing Finance)							
25,670.6	25,670.6	Loans and Advances	31,230.5	33,309.9	33,309.9	29.8%	29.8%
6,349.7	21,674.0	Disbursements	6,656.1	7,438.6	22,994.8	17.2%	6.1%
138.9	466.2	PAT	133.8	202.9	603.1	46.0%	29.4%
5.81%	5.51%	NIM[2] (%)	5.25%	5.64%	5.44%		
1.33%	1.33%	Gross NPA[2] (%)	2.33%	2.04%	2.04%		
17.59%	16.61%	ROE[2] (%)	14.20%	17.91%	15.65%		
Investment Management[3]							
3,897.6	3,897.6	Average AUM[4]	12,064.1	11,169.0	11,169.0	-	-
(8.6)	(25.3)	PAT before exceptional items	(14.3)	(15.6)	(44.6)	-	-

Notes:
[1]Q3FY13 ,Q4FY13 and FY13 numbers for lending businesses include Housing Finance and FamilyCredit
[2]Adjusted for MFI and corporate assets. Refer annexure for details. Ratios are based on quarterly averages.
Notes for Investment Management:
[3]Numbers for Q3FY13 ,Q4FY13 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.

L&T Finance Holdings – Summary Financials

Q4FY12	Particulars (Rs. Cr.)	Q2FY13	Q3FY13	Q4FY13	Y-o-Y
140.7	PAT before exceptional items	143.7	118.8	174.1	23.8%
140.7	PAT	143.7	294.6	171.4	21.8%

FY12	Particulars (Rs. Cr.)	YTD Q3FY13	FY13	Y-o-Y
454.8	PAT before exceptional items	383.2	558.8	22.9%
454.8	PAT	559.0	730.5	60.6%

Exceptional items (net of tax)	Q3FY13	Q4FY13	FY13
Profit on sale of Federal Bank stake[1]	190.3	-	190.3
Less Transaction/ Integration-related costs	14.5	2.7	18.7
Total	175.8	(2.7)	171.6

- Growth in PAT before exceptional items:
  - Improvement in margins in existing businesses aided by acquisition of FamilyCredit
  - Tight control of operating expenses
  - Higher credit costs
- Exited the ~4.86% stake in Federal Bank in Nov 2012 for Rs. 362.7 Cr. Investment value was Rs. 123.8 Cr. and was made during Jun-Dec'08
- In addition to exceptional items, total cost of Rs. 14.8 Cr was incurred towards brand-building during the year
- Dividend of Rs. 0.75 proposed on equity shares

Notes: [1]Net of MAT

L&T Finance Holdings – Summary Financials

FY12	(Amounts in Rs. Cr.)	H1 FY13	YTDQ3FY13	FY13	Y-o-Y
Summary Balance Sheet					
4,752.7	Networth (excluding preference capital)	5,015.0	5,415.0	5,485.2[1]	15.4%
21,077.3	Borrowings	23,440.5	27,063.4	28,292.3	34.2%

Liquid and available sources of Funds (Rs Cr.)	
ICDs in subsidiaries	573.5
Mutual fund investments	752.9
Market value of investments in CUB	103.9
Tier II debt in LTF	84.0
Cash	48.9
Total liquid sources of funds	**1,563.3**
Less: Preference share application money refundable	300.4
Net liquid sources of funds	**1,262.9**

Rs Cr.	Networth
Retail Lending	2,498.6
Wholesale Lending	2,732.7
Investment Management	648.2

O/S Borrowing details (Rs Cr.)[2]	
Maturity by May-13	200.0
Maturity by Jun-13	100.0
Maturity by Mar-14	349.0
Maturity by May-14	100.0

Notes:
[1] Networth excludes preference capital of Rs. 750.0 Cr
[2] Excludes Preference capital

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
  - 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%




Businesses – Outlook and Performance

L&T Finance Holdings

Retail & Corporate Finance – Market Scenario & Outlook

Segment	Outlook
Rural Products	• Sharp decline seen in farm equipment segment in South and West, but growth of 35% in Central India • Late arrival of monsoon, drought in parts of Central and Western India have affected yields of major crops with the harvester market declining by 50% YoY • Tractor industry has de-grown by 2% in FY13, expected to grow by 5%-8% in FY14 (Source : TMA)
Construction Equipment	• Delay in decision making on policy changes and investment approvals leading to no new capex in real estate and infra segments • De-growth in sales of CE by 20% in FY13 due to land acquisition/environmental clearance issues and mining ban in Karnataka, Orissa and Goa.
Auto & Transportation	• De-growth in CV segment on account of general slowdown in the economy, hike in diesel prices, stagnant freight rates and increasing asset costs • Muted growth in passenger vehicle segment aided by superlative growth in UV segment • Despite discounts being offered by manufactures, high inflation and high finance costs are a deterrent to buyers of small cars • SIAM expects increased government spending to lead to pick up in sales in FY14.
Corporate	• SMEs under stress due to deteriorating cash flows, stretched working capital cycles and execution delays • Growth expected to be muted until new investments in Power, Railways, Mining & Road pick up • Continue to practice selective lending, ensuring credit quality of portfolio is maintained and not focusing on chasing growth in the corporate segment
Overall	• Margins expected to remain stable or witness a marginal improvement from second half of FY14 aided by likely improvement in the interest environment

Segment	FY13 Growth (%)	FY14 Projection (%)
Cars	(6.7)%	3.0%-5.0%
UV	52.0%	11.0%-13.0%
PV (Total)	2.1%	5.0%-7.0%
LCV	14.0%	10.0%-12.0%
MHCV	(23.0)%	1.0%-3.0%
CV (Total)	(2.0)%	7.0%-9.0%
2W	2.9%	6.0%-8.0%

Source: SIAM

Infrastructure Finance – Market Scenario & Outlook

Segment	Outlook
Thermal Power	• Power (Coal / Gas) – Limited market appetite for new projects due to coal allocation issues, fuel and land availability • Projects expected to commission this year may witness stress due to coal issues & lack of Case 1 bids from states • Delay in implementation of financial restructuring of SEBs but tariff hikes is a positive sign • Power evacuation issues in select corridors • CERC judgment in case of Adani & Tata power - a positive sign to protect existing investments
Renewable Energy	• Reintroduction of Generation based incentive – a welcome move for wind power • Solar policies in some states – AP, Raj, TN, etc. – likely to promote CAPEX
Roads	• NHAI & MoEF issues leading to delays in construction and termination of projects • Banks are becoming more stringent in financing road projects given environmental and land availability issues • A number of Road projects are expected to be awarded on EPC basis than BOT/BOOT • Some stretches may witness traffic reduction exerting liquidity stress on the projects
Others	• Telecom – Spectrum allocation issues continue to be unresolved • Limited capex expected in non-infra sectors like Cement, Steel, etc. • High Interest rate scenario expected to continue with some marginal rate cuts in Q1 FY14
Overall	• Margins expected to remain stable/marginal reduction with reduction in L&T Infra PLR • Increasing stress in some sectors with more loans under CDR

To focus on refinancing & renewable sector to drive growth

Retail & Corporate Finance

DISBURSEMENTS						
Rs. Cr.	**Q4FY12**	**FY12**	**Q3FY13**	**Q4FY13**	**FY13**	**Y-o-Y Growth**
Construction Equipment Finance	573	2,210	440	370	1,515	-31.4%
Transportation Equipment Finance	440	1,286	171	145	768	-40.3%
Rural Products Finance	700	2,486	1,080	1,043	3,534	42.2%
Supply Chain Finance	1,434	5,270	1,450	1,463	5,728	8.7%
Microfinance	39	171	80	119	314	83.6%
Corporate Loans and Leases	792	3,026	640	711	2,390	-21.0%
Capital Market Products	433	1,082	494	657	1,673	54.6%
Personal Vehicle Finance (FCL)[1]	-	-	-	257	257	**-**
Total	**4,441**	**15,538**	**4,354**	**4,765**	**16,179**	**4.1%**

LOANS & ADVANCES					
Rs. Cr.	**FY12**	**Q3FY13**	**FY13**		**Y-o-Y Growth**
Construction Equipment Finance	3,244	3,145	3,019	16.6%	-6.9%
Transportation Equipment Finance	2,080	2,033	1,935	10.6%	-7.0%
Rural Products Finance	2,855	3,758	3,789	20.8%	32.7%
Supply Chain Finance	941	1,026	1,129	6.2%	20.0%
Microfinance[2]	215	179	217	1.2%	0.9%
Corporate Loans and Leases	4,140	4,517	4,677	25.7%	13.0%
Capital Market Products[3]	1,281	1,743	1,698	9.3%	32.6%
Personal Vehicle Finance (FCL)[1]	**-**	-	1,738	9.5%	**-**
Total	**14,756**	**16,401**	**18,201**	**100.0%**	**23.3%**

Notes:
[1]Personal Vehicle Finance (FCL) – FamilyCredit Limited,
[2]The AP portfolio of MFI which was Rs.102.13 Cr in Mar 2012 has been completely written off as on Mar 2013,
[3]Renewals contribute to 28% of CMP disbursements

Retail & Corporate Finance – Summary Financials

Q4FY12	FY12	Summary P&L (Rs. Cr.)	Q3FY13	Q4FY13[1]	FY13[1]	Y-o-Y Q4 v/sQ4	Y-o-Y FY13 v/s FY12
501.2	1,756.5	Interest Income	565.6	651.1	2,290.9	29.9%	30.4%
20.6	58.9	Fee Income	16.1	25.2	65.9	22.3%	11.9%
291.3	1,027.4	Interest Expense	343.3	373.6	1,367.7	28.3%	33.1%
96.4	336.6	Operating Expense	100.8	119.2	412.4	23.7%	22.5%
134.1	451.3	Contribution before credit cost	137.5	183.5	576.6	36.8%	27.8%
32.9	151.8	Credit Cost	65.7	67.5	226.7	105.2%	49.3%
67.9	202.2	PAT	53.3	101.0	268.2	48.7%	32.6%
4,411.0	15,538.3	Disbursements	4,354.4	4,765.1	16,179.0	8.0%	4.1%

FY12	Summary BS (Rs. Cr.)	Q3FY13	FY13[1]	Y-o-Y
14,757.8	Gross Loans & Advances	16,402.2	18,201.0	23.3%
12,631.3	Borrowings	14,474,2	15,101.7	19.6%
2,326.9	Networth	2,492.6	2,835.4	21.9%
271.8	Gross NPAs	347.1	448.7	65.1%
139.6	Net NPAs	264.7	237.0	69.8%

- Growth in disbursements contributed mainly by Rural Products Finance and Capital Market Products segments
- Increase in GNPA largely on account of stress witnessed in certain corporate accounts and legacy NPAs from FCL, which have been fully provided for
- As of Mar 2013, provision over RBI norms is Rs 117.0 crs with assets worth Rs 12.5 crs lying in repossessed stock

Notes
[1] Q4FY13 and FY13 numbers include FamilyCredit
All numbers are reported numbers including MFI

Retail & Corporate Finance – Key Ratios

All ratios are calculated based on adjusted numbers for MFI and Corporate Assets, and include FamilyCredit for Q4FY13 & FY13
Please refer to the computation of adjusted numbers in Annexure.

Q4FY12	FY12	Key Ratios	Q3FY13	Q4FY13	FY13
14.00%	13.81%	Yield	14.04%	14.92%	14.25%
9.39%	9.39%	Cost of Funds	9.78%	10.12%	9.94%
6.09%	5.97%	Net Interest Margin	5.83%	6.51%	5.96%
5.97%	6.03%	NIM (w/o MTM/one-time)	5.88%	6.46%	5.97%
0.58%	0.46%	Fee Income	0.39%	0.57%	0.40%
2.50%	2.43%	Operating Expenses	2.33%	2.62%	2.41%
4.17%	4.01%	Contribution before credit cost	3.89%	4.45%	3.94%
0.14%	0.48%	Credit Cost	1.29%	1.25%	1.05%
19.06%	16.32%	Return on Equity	13.96%	19.32%	15.34%
2.61%	2.31%	Return on Assets	1.85%	2.62%	2.11%
5.74	5.74	Gearing	6.25	5.66	5.66
1.06%	1.06%	Gross NPA %	2.05%	2.50%	2.50%
0.57%	0.57%	Net NPA %	1.57%	1.33%	1.33%
15.73%	15.73%	CRAR (Tier 1)	14.36%	15.50%	15.50%
0.71%	0.71%	CRAR (Tier 2)	2.13%	2.00%	2.00%
16.44%	16.44%	CRAR (Total)	16.49%	17.50%	17.50%

- Improved yields, NIMs and higher RoE in Q4FY13 on account of the high yielding personal vehicle finance portfolio of FamilyCredit
- Expect NIMs to stabilize at current levels aided by lower borrowing costs
- Operating expenses for Q4FY13 was after reversal of certain provisions; higher than Q3FY13 due to FamilyCredit portfolio
- Credit costs expected to improve from H2FY14 onwards

Notes:
Ratios are calculated based on quarterly averages.
Credit costs include provisions, write offs, foreclosure losses, interest provisions/reversals

Housing Finance

- Current product portfolio includes Home Loans, Loan Against Property, Construction Finance (Residential Construction) and Balance Transfer
  - Home Loans account for 65% , LAP accounts for 30% and Construction Finance is 5% of total loan book
- First NCD placement of Rs. 60 Crs completed in Mar'13
- Successfully forayed into Construction Finance segment with the first disbursement in Mar'13
- Improvement in GNPA in Q4 on account of improved collections
- Rating upgrade from ICRA – to AA for Long Term Bank Loans & A1+ for Short Term Bank Loans
- Completely operational in the 9 markets targeted in FY13, to expand into new geographies in FY14
- Expect to build on the momentum in disbursements in FY14

FY12	Particulars (Rs. Cr.)	Q2FY13	Q3FY13[1]	Q4FY13
166.7	Loan Book	181.7	195.3	326.4
9.7	Disbursements	20.3	31.0	140.5
9.03%	GNPA (%)	7.55%	1.40%	0.67%
0.14%	NNPA (%)	0.12%	0.74%	0.21%
2.8	PAT	4.0	1.1	(0.9)[2]
118.9	Networth	124.5	144.2	143.4

Notes:
[1]Figures are for the period from October 9, 2012 to December 31, 2012
[2] PAT includes exceptional expenses amounting to Rs. 3.8 Cr towards retention bonus paid to IPHF employees

Infrastructure Finance

DISBURSEMENTS						
Rs. Cr.	**Q4FY12**	**FY12**	**Q3FY13**	**Q4FY13**	**FY13**	**Y-o-Y**
Thermal Power	153	1,206	208	286	697	-42.2%
Renewable Power	520	1,439	249	575	1,290	-10.4%
Power – Corp[1] + T&D	375	785	51	652	960	22.3%
Transportation	92	584	287	671	1,542	164.0%
Telecom	361	793	945	-	987	24.5%
Others[3]	438	1,328	530	348	1,169	-12.0%
Total	**1,939**	**6,136**	**2,271**	**2,533**	**6,645**	**8.3%**

LOANS & ADVANCES				
Rs. Cr.	**FY12**	**Q3FY13**	**FY13**	**Y-o-Y**
Thermal Power	1,542	1,841	2,133	38.3%
Renewable Power	2,101	2,585	3,078	46.5%
Power – Corp[1] + T&D	1,205	1,349	1,866	54.9%
Transportation	1,573	2,236	2,328	48.0%
Telecom	1,216	1,857	1,825	50.1%
Others[3]	3,276	3,425	3,552	8.5%
Total	**10,913**	**13,293[2]**	**14,781**	**35.4%**

Portfolio Break Up

Corporate 38%

Projects 60%

Operating 30%

U/C 30%

Equity 2%

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

Notes:
[1] Corporate loans to Power companies
[2] Includes Rs. 2 Cr investment in Venture Capital Units
[3] Others includes IT parks/SEZs, infra project implementers, captive mining for power projects, healthcare, solid waste management, water treatment, select hotels, etc.

Infrastructure Finance – Summary Financials

Q4FY12	FY12	Summary P&L (Rs Cr.)	Q3FY13	Q4FY13	FY13	Y-o-Y Q4 over Q4	Y-o-Y YTD over YTD
342.0	1,163.0	Interest Income	397.9	436.9	1,584.6	27.7%	36.3%
8.8	30.0	Fee Income	9.3	20.1	45.0	130.2%	50.0%
199.5	717.4	Interest Expense	248.8	267.2	978.4	33.9%	36.4%
19.8	55.1	Operating Expense	20.4	22.4	79.0	13.0%	43.5%
131.4	420.5	Contribution before credit cost	138.0	167.5	572.2	27.4%	36.1%
27.6	45.8	Credit Cost	27.2	39.4	110.4	42.9%	141.1%
71.0	264.0	PAT	81.9	105.6	344.2	48.7%	30.4%
1,938.2	6,136.0	Disbursements	2,270.7	2,533.0	6,645.0	30.7%	8.3%

FY12	Summary BS (Rs. Cr)	YTD Q3FY13	FY13	Y-o-Y
10,913.5	Gross Loans & Advances	13,293.7	14,781.7	35.4%
8,942.1	Borrowings	11,050.7	12,512.0	39.9%
1,834.0	Networth	2,220.3	2,302.9	25.6%
177.7	Gross NPAs	233.3	208.7	17.4%
151.8	Net NPAs	200.1	168.6	11.1%

- Growth in Loans and Advances have kept pace despite challenging industry scenario
- Focus on high quality and larger- ticket relationships
- Operating expense increase is largely due to increase in brand fees payable to group company
- As of March 2013, the provision over RBI norms stands at Rs. 65.2 Cr.
- Credit cost includes voluntary provision of Rs. 24.4 Cr. for FY13 on certain assets

Infrastructure Finance – Key Ratios

Q4FY12	FY12	Key Ratios	Q3FY13	Q4FY13	FY13
13.03%	12.80%	Yield	12.57%	12.45%	12.75%
8.99%	9.46%	Cost of funds	9.41%	9.07%	9.42%
5.43%	4.90%	Net Interest Margin	4.71%	4.84%	4.88%
0.33%	0.33%	Fee Income	0.29%	0.57%	0.36%
0.75%	0.61%	Operating Expenses	0.64%	0.64%	0.64%
5.01%	4.63%	Contribution before credit cost	4.46%	4.77%	4.60%
1.05%	0.50%	Credit Cost	0.86%	1.12%	0.89%
15.93%	16.94%	Return on Equity	15.57%	18.68%	16.79%
2.60%	2.82%	Return on Assets	2.51%	2.92%	2.62%
4.88	4.88	Gearing	4.98	5.43	5.43
1.69%	1.69%	Gross NPA %	1.83%	1.47%	1.47%
1.45%	1.45%	Net NPA %	1.57%	1.19%	1.19%
16.02%	16.02%	CRAR (Tier 1)	15.03%	14.18%	14.18%
0.34%	0.34%	CRAR (Tier 2)	1.72%	1.60%	1.60%
16.36%	16.36%	CRAR (Total)	16.75%	15.79%	15.79%

- Improvement in margins despite higher gearing due to interest cost reduction
- Gradual improvement in credit cost expected from H2FY14 onwards
- Resolution and recoveries in certain NPA accounts has led to GNPA improvement

Notes:
Ratios are calculated based on quarterly averages.
Credit costs include provisions, write offs, foreclosure losses, interest provisions/reversals

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 • IDF would provide access to the low-yield project asset market, without compromising on margins
Current Status	• Setting up IDF through the NBFC route – regulatory clearances awaited • L&T Infra to be the principal sponsor • In advanced state of discussion with prospective investors • IDF to be operational by H1FY 14

Regulations	• Key Regulatory Incentives and Costs
	  • MoF has announced tax exempt status to IDF NBFC (0%) and lower tax for foreign debt investors (5% withholding tax)
	  • RBI has announced 50% Risk Weight for assets under IDF NBFC, implying higher D/E
	  • Guarantee fee to be paid to NHAI at 0.50% of the assets

Lower opex, higher permissible leverage and zero tax status shall lead to healthy RoNW

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 (*Except AP-MFI portfolio)* • 100% provision against unsecured loans	• SAP up to 40 bps • Voluntary provision of 3% - 8% for all assets overdue in 4-6 months bracket • 2.75% provision on all restructured standard assets • Restructured standard cases amount to 3.66% 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

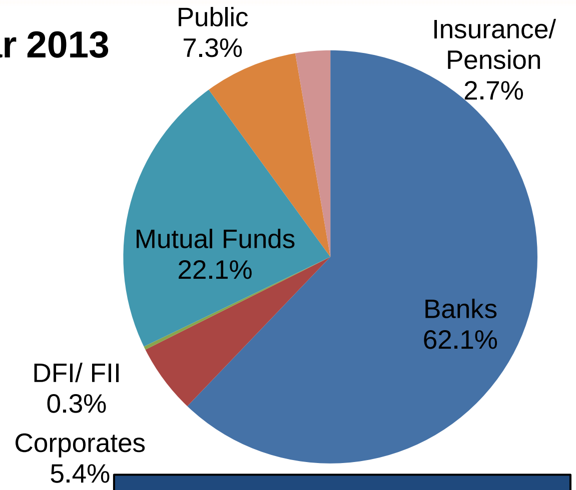
ALM Strategy

- 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

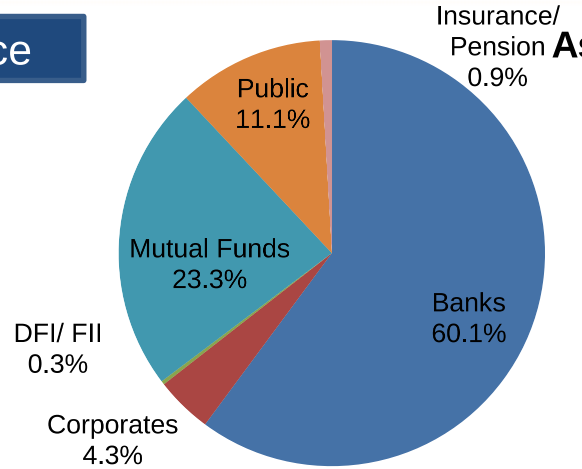
Retail & Corp Finance

As on 31st Mar 2013



Total Debt – Rs. 15,101.7 Cr.

As on 31st Dec 2012

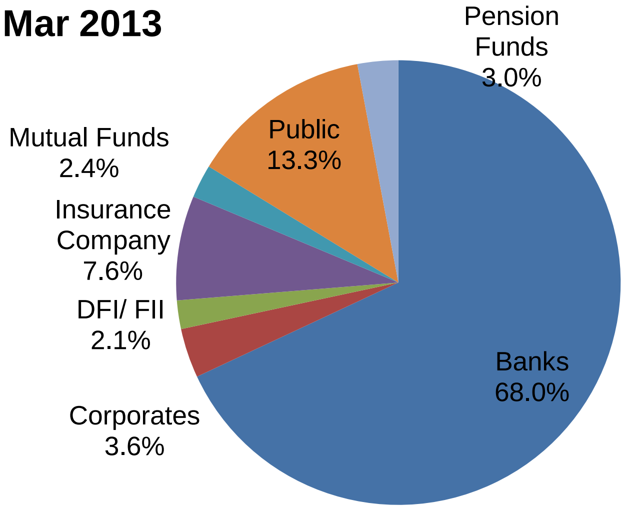


Total Debt – Rs. 14,474.2 Cr.

* Includes FamilyCredit

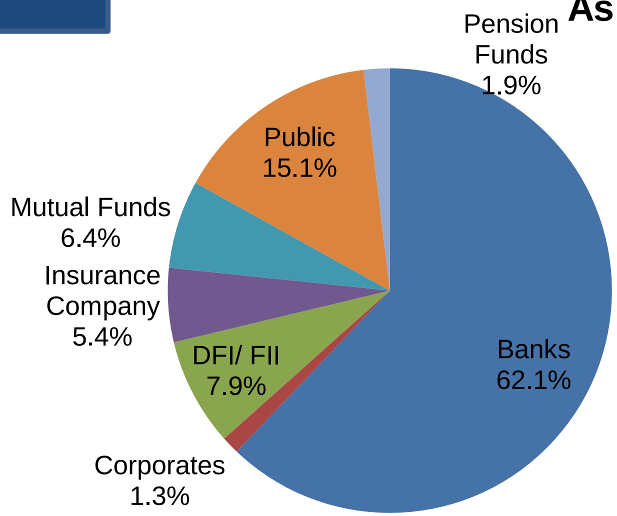
Infra Finance

As on 31st Mar 2013



Total Debt – Rs. 12,512.0 Cr.

As on 31st Dec 2012



Total Debt – Rs. 11,050.7 Cr.

Investment Management

Profile

- Investor base of 9 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

- Sponsor of L&T MF has been changed from L&T Finance to L&T Finance Holdings wef Mar 28, 2013 to simplify the holding structure
- Launched nine FMP schemes during the quarter which were well received by the market; total mobilization of Rs 1538 crs. Q4FY13 Opex includes upfront commission for long-term assets mobilized in Q4.
- Equity AUM declined due to volatility in the markets. Fixed income schemes faced redemptions in Mar-13 on account of advance tax payment.

Summary Financials (Rs. Cr.)					
Q4FY12	FY12		Q3FY13[1]	Q4FY13[1]	FY13
2.9	13.8	Operating Revenue	9.6	20.2	34.3
11.4	39.1	Opex	23.9	35.9	78.8
(8.6)	(25.3)	PAT before exceptional items	(14.3)	(15.6)	(44.6)
-	-	Exceptional items[2]	12.3	0.1	13.9
(8.6)	(25.3)	PAT	(26.6)	(15.7)	(58.5)
3,897.6	3,897.6	Average AUM	12,064.1	11,169.0	11,169.0
0.30%	0.31%	Management Fees/AUM	0.47%	0.70%	0.50%

AAUM Composition as at	Dec 2012	Mar 2013
Equity/ Hybrid	50%	47%
Cash / Ultra Short Term	35%	35%
FMP	7%	10%
Other Fixed Income	8%	8%

Notes:
[1] Q3FY13 , Q4FY13 and FY13 and numbers are post acquisition of Fidelity Mutual Fund
FY12/FY13 AUM is quarterly average
[2] One time integration costs
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

Impact of recent regulatory changes	**Profitability**
	▪ Opportunity to improve revenue with the recent SEBI circulars
	    ▪ Service tax on management fees to be charged over and above the TER (12 bps)
	    ▪ Incremental 20 bps in lieu of exit loads
	▪ Fungibility of Total Expense Ratio (TER) is favourable
	
	Market Penetration
	▪ Incentive for AMCs to go beyond the top 15 cities
	▪ Favourable distribution registration process

Industry Outlook	▪ Flows into equity should improve and can expect a modest upturn in FY 2013-14[1] ▪ Emerging trend of offshore interest and alternatives like Real Estate and Private Equity
FY14 Strategy	▪ Build 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

Notes:
[1]MF survey by Morgan Stanley

Wealth Management

- India's wealth management industry is still at a nascent stage with potential to be scaled 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 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
- Within a year of launch, the Assets Under Service (AUS) has grown to Rs. 2400+ Cr with a client base of ~650




Annexure

L&T Finance Holdings

Management Strength

CMD , 38 yrs exp, L&T

President, 30 yrs exp, L&T

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

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

Head Corp
25 yrs exp, IL&FS

Head Retail
26 yrs exp, SREI

Head Credit
25 yrs exp, BNP Paribas, Burgan Bank

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

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

Head Prod & Strategy
16yrs exp, Reliance, ICICI

Head Risk
22yrs exp, IDBI, Saraswat Bank

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

Head PFG & FAS
22 yrs, ICICI, Reliance

Head SI&SP
17 yrs exp, IDFC

Head Credit
22 yrs exp, CRISIL Infra & Risk Solutions

Head PE
20 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 CSA (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 Treasury
31 yrs exp, Fujitsu ICIM

Head Legal
22 yrs exp, Jain Irrigation, Britannia

Financial Controller,
32 yrs exp, American Express, L&T InfoTech

Head Marketing
31 yrs exp, Times Online Money Ltd.

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

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

Head HR
21 yrs exp, Reliance Life, ICICI, Tata Telecom

PFG – Project Fin Group, FAS – Fin Advisory Services, SI&SP – StrategicInitiatives & Structured Products
CSA – Corporate & Strategic Affairs, PWM – Private Wealth Management

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 8 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

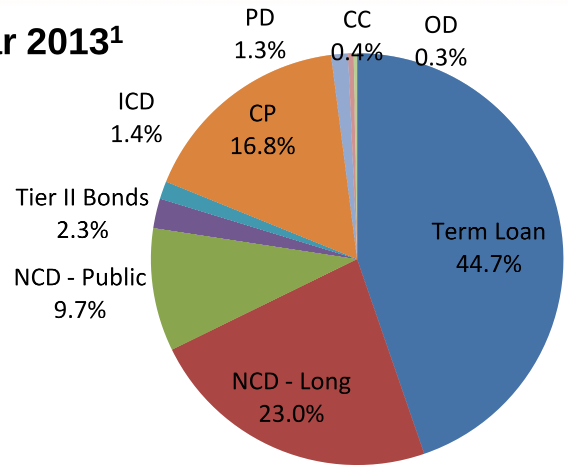
Board of Directors

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
R Gopalakrishnan	Independent Director	• Professional manager for 45 yrs with 31 yrs in Unilever and 14 yrs with TATA. Currently director at Tata Sons Ltd, independent director at Akzo Nobel India and Castrol India

Debt Composition – Instrument wise

Retail & Corp Finance

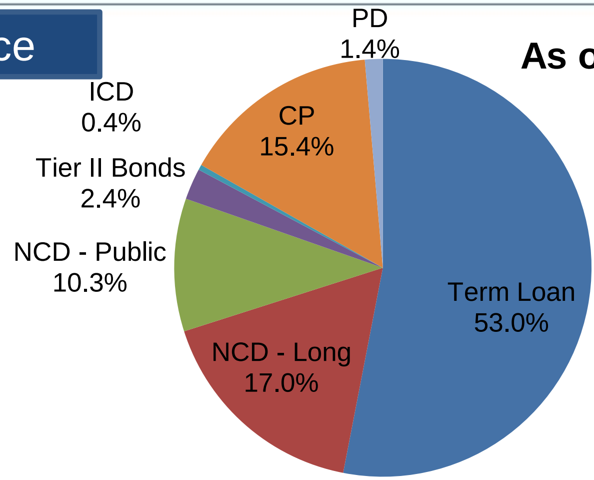
As on 31st Mar 2013[1]



Total Debt – Rs. 15,101.7Cr.

[1] Includes FamilyCredit

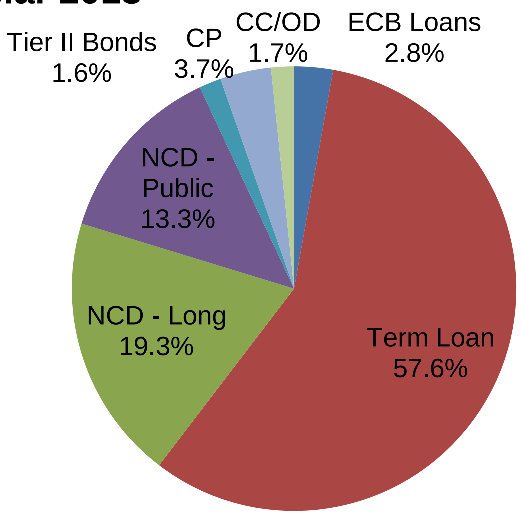
As on 31st Dec 2012



Total Debt – Rs. 14,474.2 Cr.

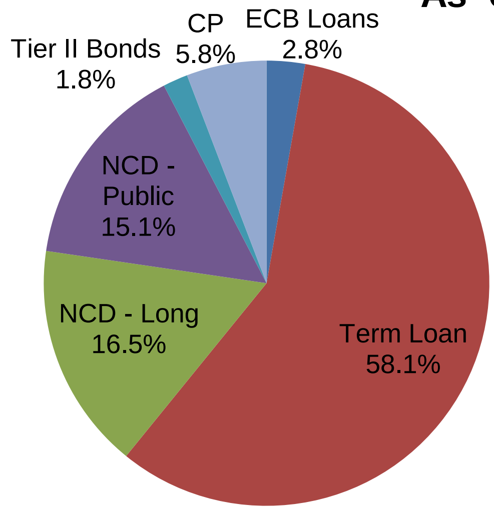
Infra Finance

As on 31st Mar 2013



Total Debt – Rs. 12,512.0 Cr.

As on 31st Dec 2012



Total Debt – Rs. 11,050.7 Cr.

Housing Finance – Overview

Industry Outlook

- Credit growth in HFCs to be higher than SCBs due to better focus
- Opportunity for LAP due to large inventory of unleveraged homes
- Mortgage market expected to grow at 18% CAGR over next 3 yrs (Source: BCG estimates)
- Scope for growth with market share of top 6-10 companies increasing from 12% to 15% (Source: ICRA report)

Key Strengths

- Ability to leverage brand loyalty of L&T
- Key corporate & retail relationships within and outside of the L&T ecosystem
- Centralized operations infrastructure
- Distribution reach across India
- Strong presence in tier II cities which account for more than 80% of the 34 branches

Focus Areas

- Strengthening organizational structure and sales distribution approach
- Achieving closure on existing opportunities in the construction funding space
- Continue building retail sales pipeline in 9 operating markets
- Technology enabled processes, low opex, innovative products and best in class TAT

Target Market

- Utilize strengths of group companies to target different market segments

Customer Segment	Company
HNI	L&T Wealth Management
Urban Middle Class	LTHFL Channel & L&T Access
Rural	L&T Finance – branch network

Adjustment – Retail & Corporate

Summary P&L and Balance Sheet	Q4FY13				Q4FY12			
	Reported	MFI	Corp. Assets	Adjusted	Reported	MFI	Corp. Assets	Adjusted
Total Gross Income	676.3	11.2	2.9	662.2	521.8	5.9	5.7	510.2
Includes Fee Income	25.2	1.0	-	24.2	20.6	0.4	-	20.2
Interest Expense	373.6	4.2	9.7	359.7	291.3	6.7	8.0	276.7
MTM/One Time Items	(2.1)	0.0	(0.1)	(2.0)	(4.6)		(0.1)	(4.5)
Total Operating Cost	119.2	7.0	-	112.1	96.4	8.8	-	87.6
Credit Cost	67.5	14.0	-	53.5	32.9	28.0	-	4.9
PBT	116.0	(14.1)	(6.8)	136.8	101.2	(37.5)	(2.3)	141.1
PAT	101.0	(10.0)	(4.8)	115.7	67.9	(25.2)	(1.5)	94.6
Networth	2,835.4	33.5	213.3	2,588.6	2326.9	34.0	179.0	2,114.0
Borrowings	15,101.7	179.7	259.4	14,662.8	12,631.3	184.4	319.6	12,127.4
Loans & Advances	18,201.0	217.0	-	17,984.0	14,757.8	215.4	-	14,542.4
Total Assets	19,032.8	227.0	472.8	18,333.1	15,764.9	230.1	498.6	15,036.2

Corporate Assets (Rs Cr)	Q4FY13	Q4FY12
Investments, AMC and Others[1]	243.0	305.9
Under Construction Property[2]	229.8	192.7
Total Corporate Assets	472.8	498.6

Notes:

[1] Investment in AMC worth Rs.167 Cr has been transferred from LTF to LTFH on 28th Mar 2013

[2] Under construction property worth Rs. 229.8 Cr has been transferred from LTF to L&T Unnati Finance on 26th Mar 2013

L&T Finance Holdings

AUM Disclosure for Mar 2012

AUM REPORT FOR THE QUARTER ENDED (31/03/2012)

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	128622	165137.37
Equity (other than ELSS)	23484	23906.53
Balanced	0	0.00
Liquid	78868	197465.49
Gilt	170	170.14
Equity - ELSS	3141	3081.07
GOLD ETF	0	0.00
Other ETF	0	0.00
Fund of Fund investing overseas	0	0.00
Total	**234286**	**389760.61**

AUM REPORT FOR THE QUARTER ENDED (31/03/2012)

Disclosure of percentage of AUM by geography

Geographical Spread	% of Total AUM as on the last day of the Quarter
Top 5 Cities	84%
Next 10 Cities	11%
Next 20 Cities	3%
Next 75 Cities	2%
Others	5%
Total	**100%**

AUM Disclosure for Dec 2012

ASSETS UNDER MANAGEMENT ("AUM") REPORT FOR THE QUARTER ENDED DECEMBER, 2012

Table I

Asset class wise disclosure of AUM & Average AUM		
		Rs. in Lakhs
	AUM as on the last day of the Quarter	
Income	273606.70	354098.59
Equity (other than ELSS)	405790.57	414411.60
Balanced	0.00	0.00
Liquid	308838.33	302361.01
Gilt	2846.55	5734.54
Equity - ELSS	124243.46	123465.51
GOLD ETF	0.00	0.00
Other ETF	0.00	0.00
Fund of Fund investing overseas	6539.94	6338.77
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 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

"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