



Results Update – Q4FY16 and FY16



L&T Financial Services

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L&T Finance Holdings – Performance Highlights

L&T Finance Holdings – Summary Financials

Performance and Outlook – By Business

Strategy Roadmap

Appendix

L&T Finance Holdings – Performance Highlights

L&T Finance Holdings – Summary Financials

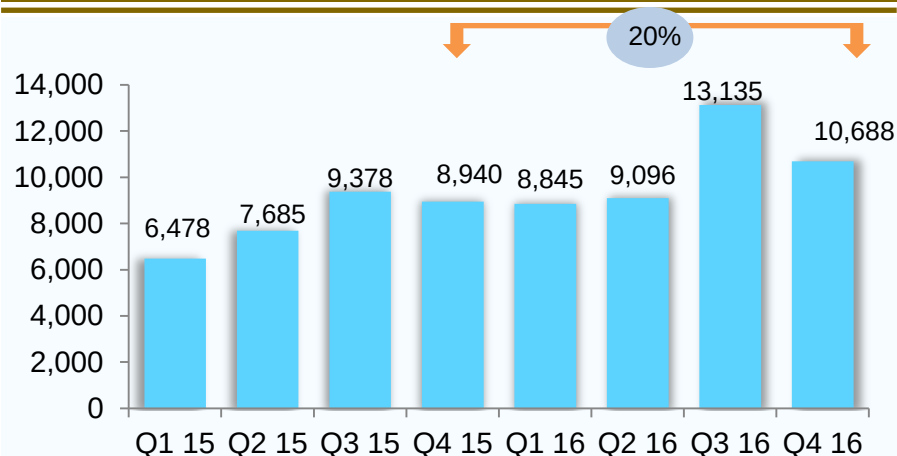
Performance and Outlook – By Business

Strategy Roadmap

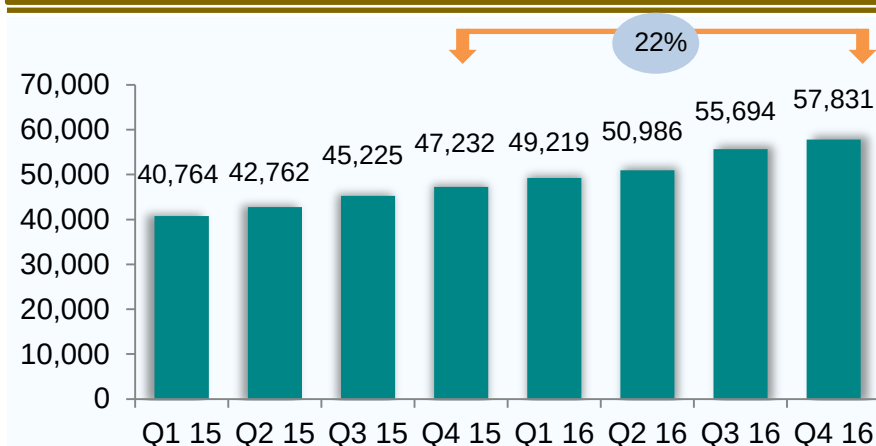
Appendix

Steady Profit Growth in a Challenging Environment

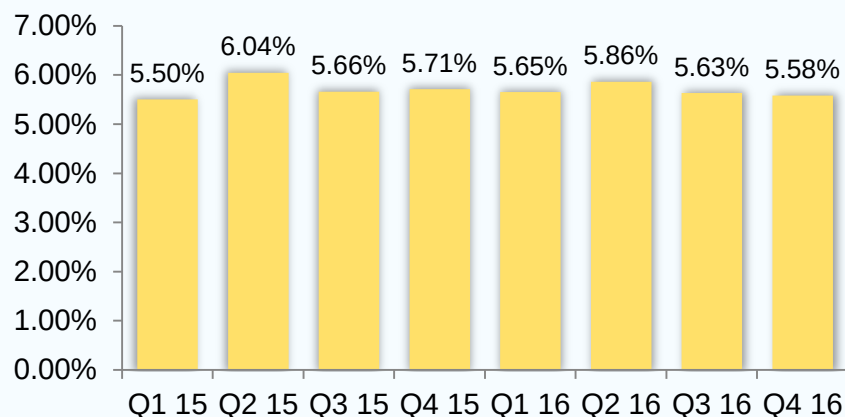
Disbursements (Rs. Cr.)



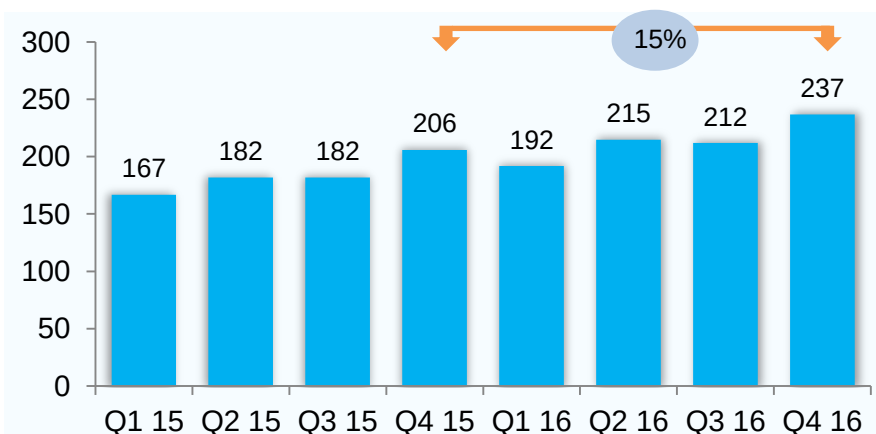
Loans & Advances (Rs. Cr.)



NIM %

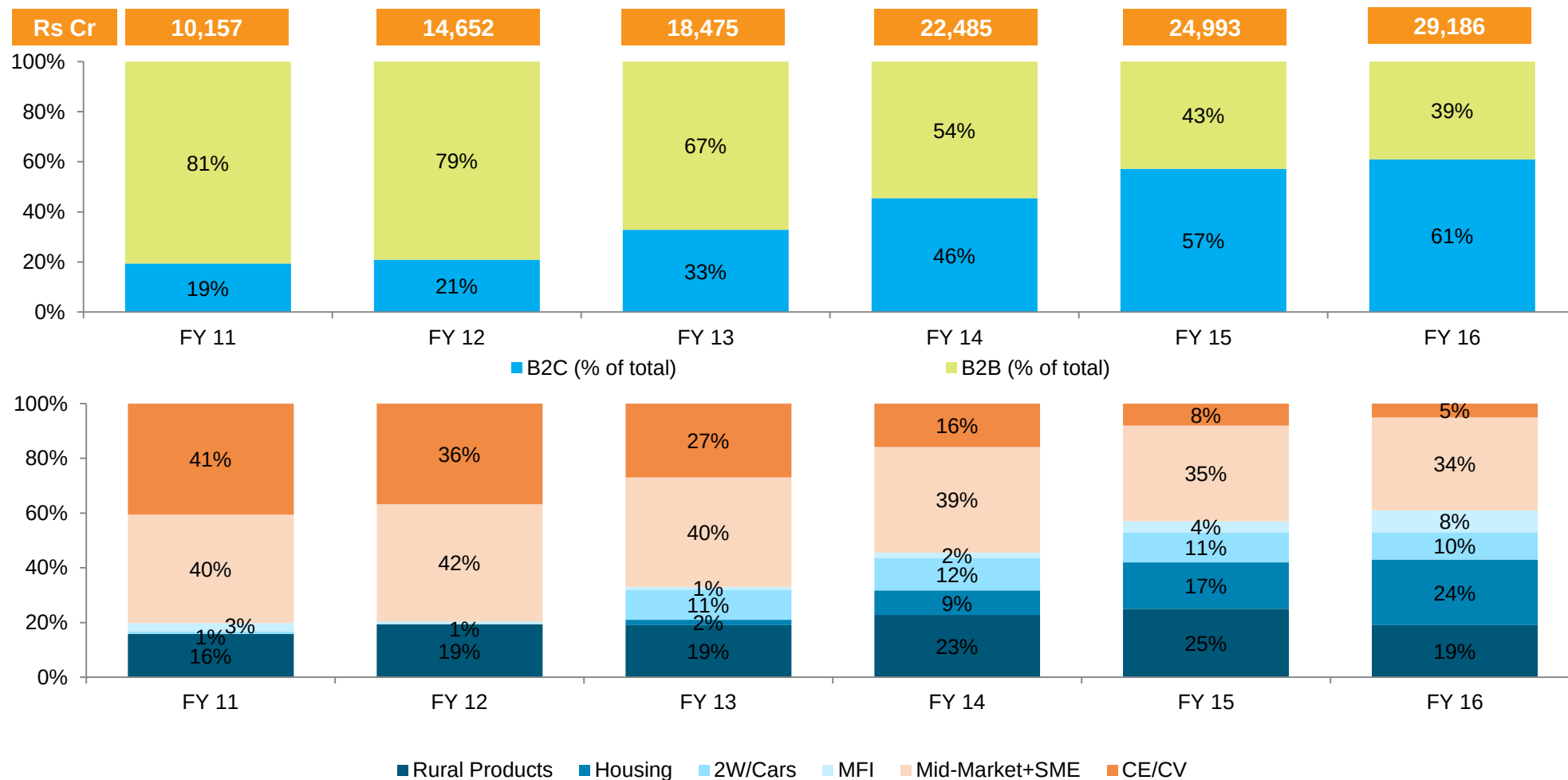


PAT (Rs. Cr.)



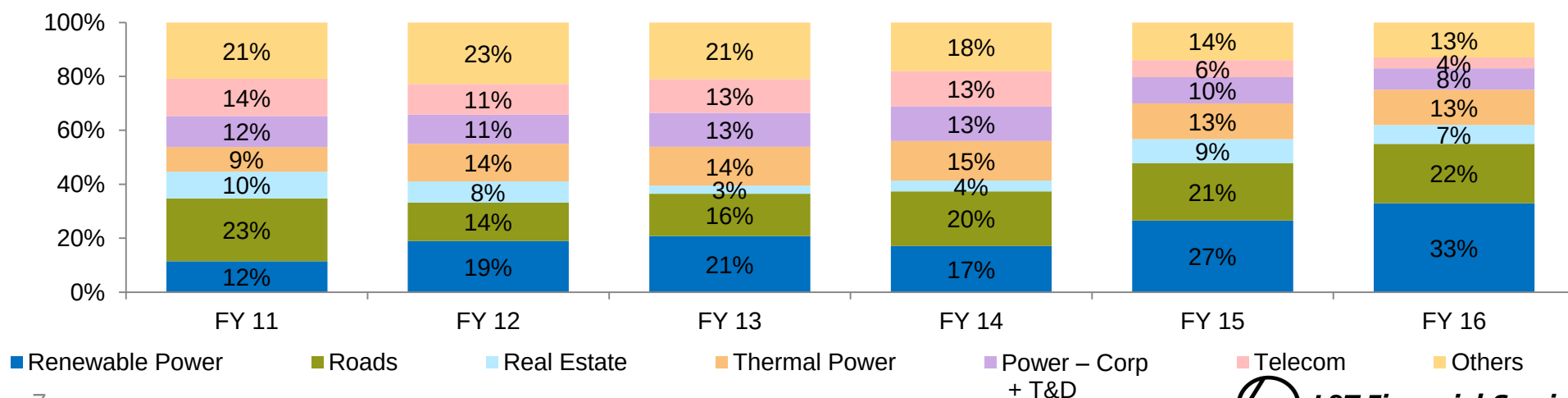
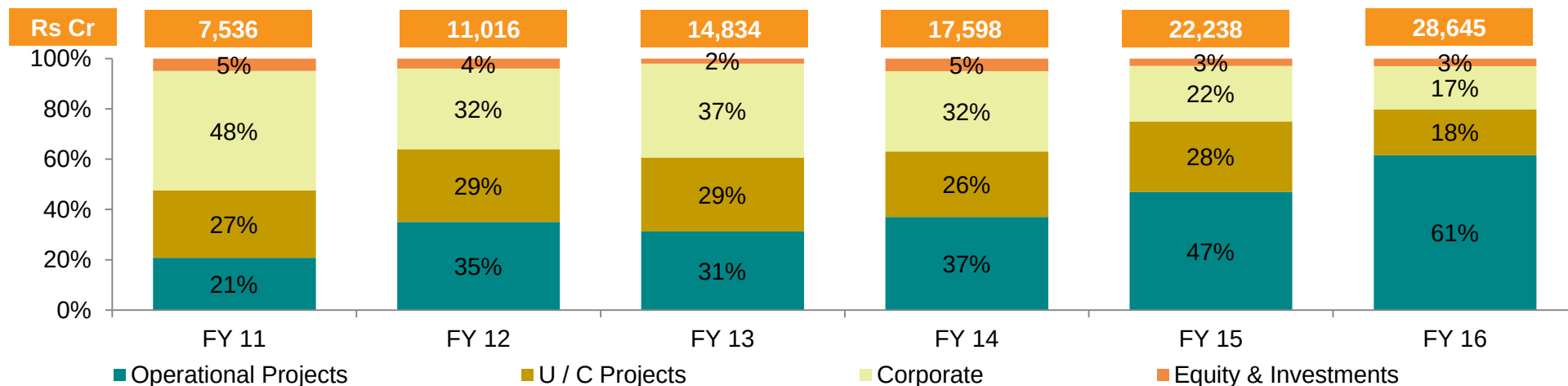
Calibrated Shift in Lending Business Portfolio – Retail Finance

Retail Finance – Continuous shift towards B2C Products



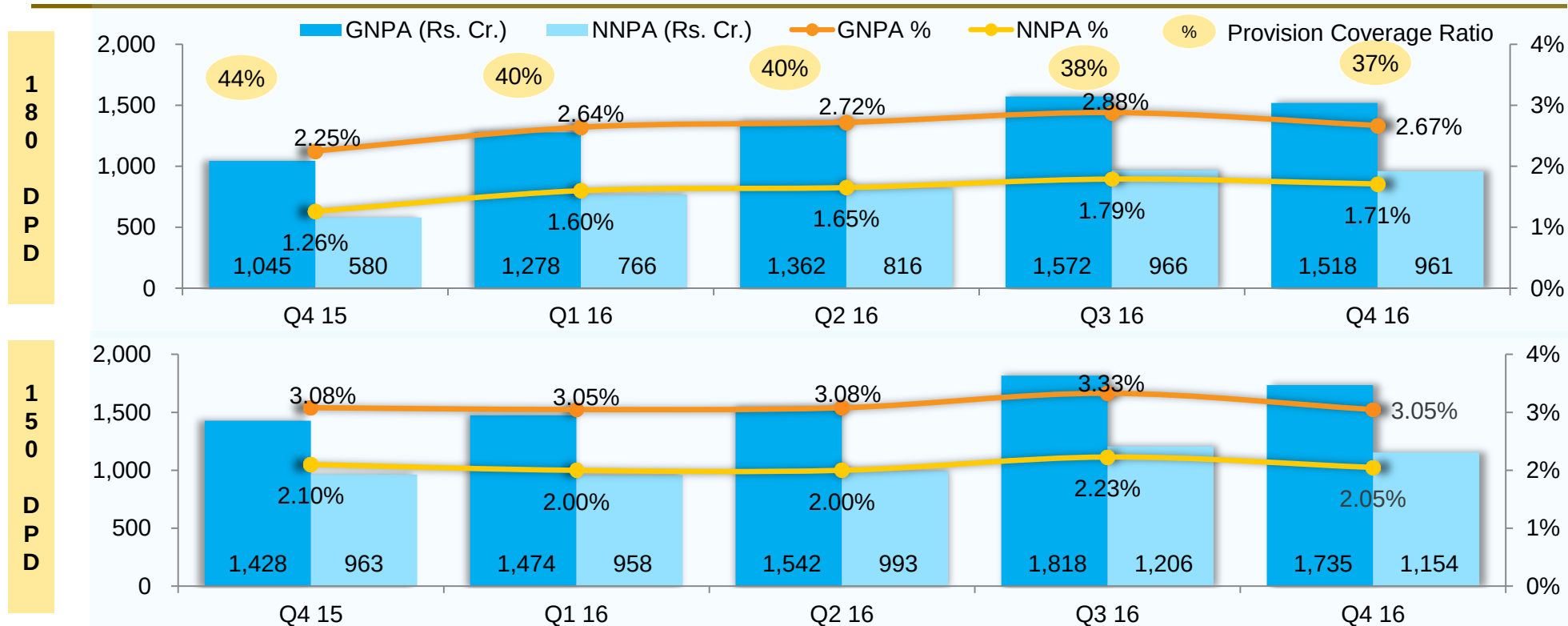
Calibrated Shift in Lending Business Portfolio – Wholesale Finance

Wholesale Finance - Focus on Op. Projects & Renewables



Stable Asset Quality & Stronger Balance Sheet

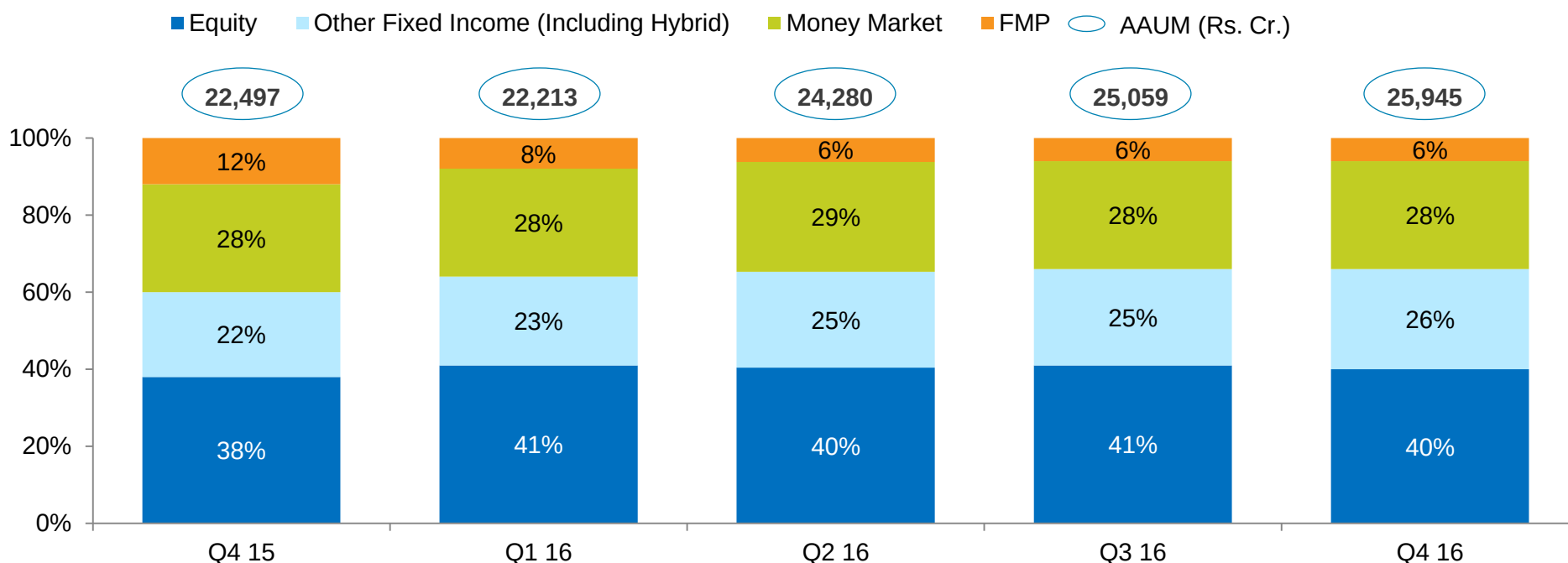
Asset Quality Indicators



- GNPA's remain stable on a Y-o-Y basis despite elevated stress in Farm segment
 - Quarterly dip in GNPA% due to strong collections across segments especially farm
- Provisions in excess of RBI norms at ~Rs. 238 Cr. with repo assets of Rs. 39 Cr.
- Overall asset quality (net NPA + net RSA + net SRs) remains steady at 4.85%

Smart Growth in Equity Assets in Investment Management

AAUM Composition



- Average AUM at Rs. 25,945 Cr. represents a 15% increase on a Y-o-Y basis
 - Equity AAUM grows by 20% on a Y-o-Y basis to reach Rs 10,316 Cr led by strong net sales despite volatile market movement
 - Ranked 11th amongst Equity Funds
 - Core assets (Equity & Other Fixed Income) increase to 66% of AAUM from 60% in Q4FY15

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Summary Financial Performance – Key Operating Entities

Financial Highlights								Comments
Q4FY15	Q3FY16	Q4FY16	Y-o-Y (%)	Rs. Crores	FY15	FY16	Y-o-Y (%)	
Lending Businesses (Retail Finance, Wholesale Finance)								
47,232	55,694	57,831	22%	Loans and Advances	47,232	57,831	22%	○ Driven by Housing, MFI and operational projects
8,940	13,135	10,688	20%	Disbursements	32,480	41,765	29%	○ Healthy NIMs even with increased leverage
660	750	784	19%	NIM	2,471	2,948	19%	
495	615	647	31%	Earnings before credit cost	1,856	2,333	26%	○ Of the Rs.307 Cr increase in credit losses in FY16, Rs.208 Cr is attributable to Farm book
244	301	326	34%	Credit cost	813	1,120	38%	
170	204	227	34%	PAT	720	815	13%	
5.71%	5.63%	5.58%	- 14 bps	NIM (%)	5.68%	5.67%	-	
6.27	6.86	6.92	0.65	Gearing	6.27	6.92	0.65	
2.25%	3.33%	3.05%	-	Gross NPA (%) *	2.25%	3.05%	-	○ Gross NPA (%) for Q4FY16 at 180 DPD is 2.67 %
10.22%	11.60%	12.52%	+ 230 bps	ROE (%)	11.07%	11.68%	+ 61 bps	
Investment Management								
22,497	25,059	25,945	15%	Average AUM	22,497	25,945	15%	○ Increase in market share of equity AUM
8,587	10,268	10,316	20%	- Average Equity AUM ^	8,587	10,316	20%	
3.3	4.8	7.1	115%	PAT before amortization	5.3	18.7	253%	

* Q3FY16, Q4FY16 & FY16 GNPA (%) is with NPA recognition at 150 DPD for all lending business (Housing Finance Company recognizes NPAs at 90 DPD)

^ Excludes hybrid schemes

Summary Financial Performance – LTFH Consolidated

Consolidated P&L and Balance Sheet Summary

Q4FY15	Q3FY16	Q4FY16	Y-o-Y (%)	Summary P&L (Rs. Cr.)	FY15	FY16	Y-o-Y (%)
206	212	237	15%	Consolidated PAT	855	857	0%
-	-	-	-	Exceptional Item*	119	-	-
206	212	237	15%	PAT before Exceptional Item	736	857	16%
170	204	227	34%	- Lending Business	720	815	13%
37	8	10	-	- Others	16	42	-
11.45%	9.29%	10.79%	- 76 bps	Return on Equity #	10.29%	9.78%	- 51 bps
1.01^{&}	0.92^{&}	1.08^{&}	7%	EPS	3.61	3.79	5%

Q4FY15	Summary BS (Rs. Cr)	Q3FY16	Q4FY16	Y-o-Y (%)
6,377	Net worth (excluding preference capital and warrants)	7,157	7,078	11%
1,363	Preference Capital	1,963	1,213	-11%
7,740	Net worth (with preference capital and warrants)	9,238	8,409	9%
3,190	- Retail & Mid-Market Finance	2,957	3,078	-4%
337	- Housing Finance	562	594	76%
3,149	- Wholesale Finance	3,686	3,767	20%
1,064	- Others (incl. cash & consol. elimination)	2,033	970	-9%
42,091	Borrowings	48,830	51,616	23%
37.07	Book Value per Share (Rs.) ^	40.83	40.37	9%

Excludes exceptional items, share warrant money and after considering annual dividend on preference shares on pro-rata basis

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

& Not annualized

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

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Retail Finance – Market Scenario and Outlook

Segment	Market Scenario & Outlook with Y-o-Y Disbursement Growth for Retail Business	Y-o-Y %
Rural Products	- Tractor sales dropped by 12% in FY16 - Asset quality showing signs of improvement	 (29%) Tractor
2W	2W sales increased by 3% in FY16 - Scooters grew 12% and Motorcycles declined 1%	 22% 2 W
Micro Finance	- Industry wide disbursement amount increased by 48% and gross loan portfolio grew by 84% - Branch network increased by 25% with customer base increase of 33% for the industry	 115%
Housing Finance	- Mortgage industry is at 10% of GDP of India, Housing credit currently at Rs 11 lakh Cr - Real Estate market is still stagnant with unsold stock at 16% in major cities	 56%
SME Finance	- Increased consumption demand and government capital spending will be prime growth drivers - Stress on yields as banks see this as a relatively scalable area and are currently extremely aggressive	 53%
Mid-Market	- Credit to the services sector increased to 8.6% in Feb 2016 as against a 6.7% for the same period last year - Industry credit growth in Feb 2016 slowed to 5.4% as against 5.9% Feb 2015.	 17%

Retail Finance – Segment Wise Split

Disbursements							
Q4FY15	Q3FY16	Q4FY16	Y-o-Y (%)	Segments (Rs. Cr.)	FY15	FY16	Y-o-Y (%)
1,066	720	519	-51%	Rural Products Finance	4,431	3,185	-28%
491	550	461	-6%	Personal Vehicle Finance	1,920	1,939	1%
424	555	954	125%	Microfinance	1,178	2,536	115%
1,072	1,268	1,358	27%	Housing Finance*	2,801	4,366	56%
2,227	2,548	2,986	34%	Supply Chain Finance	6,429	9,849	53%
965	1,178	727	-25%	Mid-Market Finance	3,431	4,006	17%
52	164	279	-	CE / CV Finance	317	562	77%
6,297	6,983	7,284	16%	Total	20,506	26,445	29%
Loans & Advances							
Q4FY15	Q4FY15 (%)	Segments (Rs. Cr.)	Q3FY16	Q4FY16	Q4FY16 (%)	Y-o-Y (%)	
6,286	25%	Rural Products Finance	5,845	5,669	19%	-10%	
2,847	11%	Personal Vehicle Finance	2,914	2,853	10%	0%	
916	4%	Microfinance	1,717	2,212	8%	141%	
4,258	17%	Housing Finance*	6,435	7,134	24%	68%	
1,754	7%	Supply Chain Finance	1,875	2,218	8%	26%	
6,928	28%	Mid-Market Finance	7,355	7,532	26%	9%	
2,004	8%	CE / CV Finance	1,545	1,569	5%	-22%	
24,993	100%	Total	27,686	29,186	100%	17%	

Disbursements grew by 12% while loan book increased by 20% (excluding our de-focused segments of CE / CV)

Retail Finance – Summary Financials

(Excluding Housing Finance Company)

P&L Summary

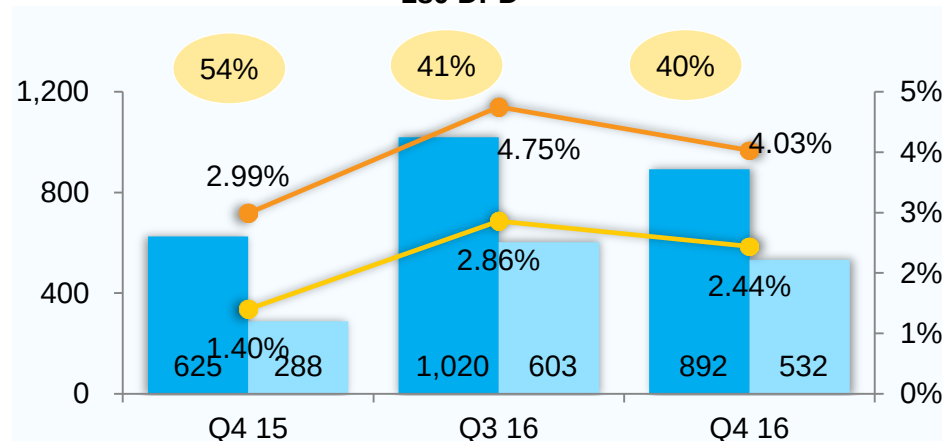
Q4FY15	Q3FY16	Q4FY16	Y-o-Y	Summary P&L (Rs. Cr.)	FY15	FY16	Y-o-Y
792	841	888	12%	Interest Income	3,216	3,424	6%
403	402	422	5%	Interest Expense	1,688	1,642	-3%
389	439	466	20%	NIM	1,529	1,782	17%
16	40	32	101%	Fee Income	75	106	43%
167	167	169	2%	Operating Expense	628	681	8%
238	312	328	38%	Earnings before credit cost	975	1,208	24%
102	175	194	90%	Credit Cost	445	658	48%
92	88	88	-4%	PAT	359	359	0%

Comments

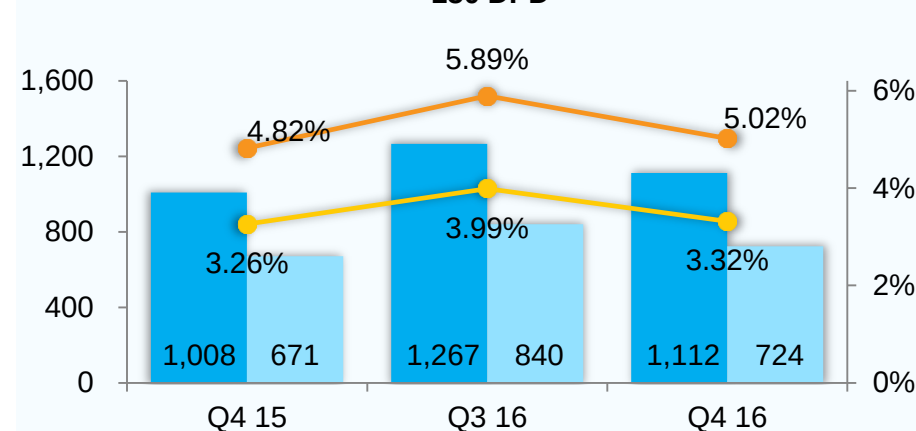
- Interest Income reflective of disbursement mix
- Of the Rs.213 Cr increase in credit costs in FY16, Rs.208 Cr is attributable to Farm book
- Credit cost for FY16 includes Rs.129 Cr of provisions & income reversal for 120-150 days

Asset Quality Metrics

180 DPD



150 DPD



Provision over RBI norms is Rs. 143 Cr. as of 31st March 2016

Retail Finance – Key Ratios

(Excluding Housing Finance Company)

Key Ratios and Balance Sheet Summary						
Q4FY15	Q3FY16	Q4FY16	Key Ratios	FY15	FY16	
15.18%	15.76%	16.14%	Yield	15.53%	15.92%	
9.13%	8.89%	9.00%	Cost of Funds	9.52%	8.97%	
7.46%	8.24%	8.47%	Net Interest Margin	7.38%	8.29%	
0.30%	0.76%	0.58%	Fee Income	0.36%	0.49%	
3.19%	3.14%	3.08%	Operating Expenses	3.03%	3.17%	
4.57%	5.85%	5.96%	Earnings before credit cost	4.71%	5.62%	
1.96%	3.29%	3.52%	Credit Cost	2.15%	3.06%	
1.67%	1.56%	1.51%	Return on Assets	1.63%	1.58%	
5.64	6.25	6.18	Gearing	5.64	6.18	
11.47%	11.52%	11.67%	Return on Equity	11.57%	11.50%	
Q4FY15	Q3FY16	Balance Sheet (Rs. Cr.)		Q4FY16	Y-o-Y	
22,373	22,846	Total Assets		23,667	6%	
21,133	21,686	Gross Loans & Advances		22,327	6%	
17,984	18,485	Borrowings		19,030	6%	
3,190	2,957	Networth		3,078	-4%	
As of December 2015			CRAR Ratios	As of March 2016		
Tier I	Tier II	CRAR	Entity	Tier I	Tier II	CRAR
13.89%	2.57%	16.46%	L&T Finance Ltd.	14.49%	2.56%	17.04%
12.09%	3.06%	15.15%	Family Credit Ltd.	11.95%	4.41%	16.36%

Comments
○ NIMs improve – high yielding assets and softening borrowing costs
○ Earnings before credit costs show continuous improvement
○ Credit costs related to farm portfolio at 106 bps in FY16 versus 30 bps in FY15 ○ 60 bps attributable to provisions and income reversal in preparation for 120-150 portfolio in FY16

Housing Finance Company – Summary Financials

P&L Summary							
Q4FY15	Q3FY16	Q4FY16	Y-o-Y	Summary P&L (Rs. Cr.)	FY15	FY16	Y-o-Y
103	159	188	82%	Interest Income	332	612	84%
67	107	121	81%	Interest Expense	206	409	98%
36	52	67	86%	NIM	125	203	62%
3	4	11	246%	Fee Income	10	19	84%
20	25	31	55%	Operating Expense	65	110	68%
19	31	46	145%	Earnings before credit cost	70	112	59%
1	12	-5	-	Credit Cost	17	23	34%
12	12	33	178%	PAT	35	58	65%
1,056	1,070	1,255	19%	Disbursements	2,511	4,061	62%

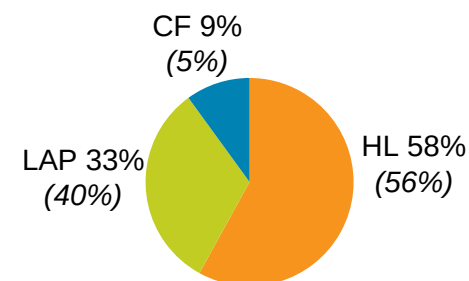
Balance Sheet Summary				
Q4FY15	Q3FY16	Balance Sheet (Rs. Cr.)	Q4FY16	Y-o-Y
4,159	6,468	Total Assets	7,581	82%
3,860	6,000	Gross Loans & Advances	6,859	78%
3,383	5,347	Borrowings	6,291	86%
337	562	Networth	594	76%

As of December 2015			CRAR Ratios	As of March 2016		
Tier I	Tier II	CRAR	Entity	Tier I	Tier II	CRAR
11.02%	3.84%	14.86%	L&T Housing Finance Ltd.	9.97%	4.14%	14.11%

Comments

- Momentum in construction finance loans in Q4FY16 led to increased yields and fee income
- Write back of provisions on resolution of accounts

Loan Book Mix – Q4FY16



Note: Figures in brackets represent Q4FY15 mix

Housing Finance Company – Key Ratios

Key Ratios and Balance Sheet Summary					
Q4FY15	Q3FY16	Q4FY16	Key Ratios	FY15	FY16
12.11%	11.37%	11.69%	Yield	12.50%	11.59%
8.78%	8.63%	8.34%	Cost of Funds	8.80%	8.68%
4.22%	3.70%	4.15%	Net Interest Margin	4.73%	3.84%
0.36%	0.26%	0.66%	Fee Income	0.39%	0.36%
2.38%	1.75%	1.95%	Operating Expenses	2.46%	2.09%
2.20%	2.20%	2.86%	Earnings before credit cost	2.65%	2.12%
0.07%	0.85%	-0.31%	Credit Cost	0.63%	0.43%
1.28%	0.83%	1.87%	Return on Assets	1.22%	1.02%
10.03	9.52	10.58	Gearing	10.03	10.58
14.21%	10.01%	22.67%	Return on Equity	10.99%	12.80%

Comments

- NIMs reflective of higher share of construction finance and rate cuts in FY16

- Uptick in RoEs to continue

Asset Quality Metrics			
Q4FY15	Q3FY16	Asset Quality Metrics (Rs. Cr) *	Q4FY16
36	59	Gross NPA	49
26	35	Net NPAs	29
0.93%	0.98%	Gross NPA (%)	0.72%
0.67%	0.59%	Net NPA (%)	0.43%
28%	41%	Provision Coverage Ratio	40%

Wholesale Finance – Market Scenario and Outlook

Segment	Market Scenario & Outlook
Roads	9 HAM projects awarded with total length of 430 Km and total Bid Project Cost of ~Rs. 8,600 Cr.³ during Dec'15-Mar'16 - Indicating pickup in BOT/HAM projects. ~17 projects in pipeline whose RFP have been awarded by NHAI on HAM - NHAI awards (EPC + BOT) of 3,200 Km in 9M FY16 as against 1,300 km in 9M FY15³ ; - Improved liquidity & order book for stressed EPC companies. However, our appetite for greenfield projects would be limited. We would continue to focus on operational road projects through IDF
Renewable Energy	- Largest ever wind installation of 3,472 MW1 in FY15-16, total installed base is 26,911 MW1 - Expected wind installation of 3,500 MW1 in FY17, primarily in AP, Telangana, K'taka & T.N., driven by last year of GBI and 80 IA benefits - Reduced wind energy tariffs in M.P. and expected in Maharashtra. Increased receivables in Maharashtra, Rajasthan, M.P. & Tamil Nadu is a key risk - Solar installation of 3,010 MW1 in FY16, total installed base is 6,753 MW1 till date - Strong solar installation of 5,500 MW1 expected in FY17 on a pipeline of 12,000 MW1 of awarded projects - Over 3,000 MW of projects having tariffs grater than Rs. 5/unit in Punjab, MP, Telangana, Uttarakhand & K'taka - Emphasis will be on Greenfield financing; refinancing operational wind & solar capacities using IDF platform
Thermal Power	20,536 MW added in FY15-16. Demand continues to be weak ~4% growth in FY16⁴ - Reduction in projected demand in FY22 by Gol from 298 GW to 238 GW due to higher efficiency & lower demand - PLF of thermal IPPs will continue to lag till FY19 - Selective refinancing opportunities for operational projects where fuel and PPA are tied up
Power Transmission	30 projects have been allocated on competitive bidding basis with an estimated project cost of ~ Rs. 43,000 Cr.² - Underwriting opportunities for green field projects to be explored; refinancing low-risk operational projects using IDF

Wholesale Finance – Focus on Operating Projects

Disbursements						
Q4FY15	Q3FY16	Q4FY16	Sectors (Rs. Cr.)	FY15	FY16	Y-o-Y
1,185	3,290	1,683	Renewable Power	4,014	7,089	77%
668	1,801	395	Roads	1,976	3,260	65%
141	450	429	Power – Thermal	858	1,120	31%
32	341	173	Power – Corp ² + T&D	1,004	1,443	44%
125	-	-	Telecom	580	2	-
83	82	214	Real Estate & SEZs	1,882	1,187	-37%
409	189	510	Others ¹	1,662	1,219	-27%
2,643	6,152	3,404	Total	11,975	15,320	28%
1,749	5,722	2,540	Net Disbursement	9,898	12,643	28%

Loans & Advances						
Q4FY15	Q4FY15 (%)	Sectors (Rs. Cr.)	Q3FY16	Q4FY16	Q4FY16 (%)	Y-o-Y (%)
5,931	27%	Renewable Power	8,620	9,387	33%	58%
4,736	21%	Roads	6,408	6,178	22%	30%
2,960	13%	Power – Thermal	3,463	3,652	13%	23%
2,161	10%	Power – Corp ² + T&D	2,827	2,404	8%	11%
1,427	6%	Telecom	1,400	1,267	4%	-11%
1,933	9%	Real Estate & SEZs	2,133	2,090	7%	8%
3,089	14%	Others ¹	3,156	3,669	13%	19%
22,239	100%	Total	28,008	28,645	100%	29%

Comments

○ 78% of disbursements in renewables, roads and transmission sector in FY16

○ 52% of Q4FY16 disbursements were to operating projects

Portfolio Break Up

Corporate 17%

Projects 80%

Operating 61%

U/C 19%

Equity & Investments 3%

- Top 10 borrowers - 16% of outstanding
- Top 10 groups - 28% of outstanding

21 ¹ Others includes IT parks, infra project implementers, captive mining for power projects, healthcare, solid waste management, water treatment, select hotels, real estate, bonds etc.

² Corporate loans to Power companies

Wholesale Finance – Summary Financials

P&L Summary							
Q4FY15	Q3FY16	Q4FY16	Y-o-Y	Summary P&L (Rs. Cr.)	FY15	FY16	Y-o-Y
681	753	820	20%	Interest Income	2,407	2,985	24%
446	494	568	27%	Interest Expense	1,591	2,022	27%
235	260	251	7%	NIM	817	963	18%
18	28	32	78%	Fee Income	68	93	36%
12	18	24	104%	Other Income	32	81	148%
27	33	35	30%	Operating Expense	108	124	15%
238	272	273	15%	Earnings before credit cost	810	1,013	25%
141	114	137	-3%	Credit Cost	351	439	25%
67	104	106	60%	PAT	326	398	22%

Asset Quality Metrics			
Q4FY15	Q3FY16 *	Asset Quality Metrics (Rs. Cr)	Q4FY16 *
384	491	Gross NPA	575
269	331	Net NPAs	401
1.78%	1.81%	Gross NPA (%)	2.07%
1.25%	1.23%	Net NPA (%)	1.45%
30%	33%	Provision Coverage Ratio	30%
5.52%	4.16%	Net RSA %	4.73%
0.94%	0.69%	Net SR%	0.67%
7.73%	6.08%	Net Impaired Assets	6.88%

Comments

○ Fee income from underwriting DCM continue to see traction

○ Includes Rs. 64 Cr of voluntary provision made for Q4FY16

○ As of Mar 2016, the provision over RBI norms stands at Rs. 89 Cr.

Wholesale Finance – Key Ratios

Key Ratios & Balance Sheet Summary						
Q4FY15	Q3FY16	Q4FY16	Key Ratios		FY15	FY16
12.41%	11.41%	11.58%	Yield		12.13%	11.75%
9.24%	8.45%	9.09%	Cost of Funds		9.23%	8.96%
4.28%	3.93%	3.55%	Net Interest Margin		4.12%	3.79%
0.32%	0.42%	0.45%	Fee Income		0.34%	0.37%
0.23%	0.28%	0.35%	Other Income		0.16%	0.32%
0.49%	0.51%	0.49%	Operating Expenses		0.54%	0.49%
4.34%	4.12%	3.88%	Earnings before credit cost		4.08%	3.99%
2.56%	1.73%	1.94%	Credit Cost		1.77%	1.73%
1.10%	1.44%	1.39%	Return on Assets		1.48%	1.43%
6.43	6.83	6.79	Gearing		6.43	6.79
8.40%	11.71%	11.40%	Return on Equity		10.43%	11.52%
Q4FY15	Balance Sheet (Rs. Cr.)			Q3FY16	Q4FY16	Y-o-Y
24,556	Total Assets			30,359	30,845	26%
22,239	Gross Loans & Advances			28,008	28,645	29%
20,247	Borrowings			25,178	25,593	26%
3,149	Networth			3,686	3,767	20%
As of December 2015			CRAR Ratios		As of March 2016	
Tier I	Tier II	CRAR	Entity	Tier I	Tier II	CRAR
13.38%	5.89%	19.28%	L&T Infra. Finance Ltd.	13.95%	5.91%	19.85%
13.72%	3.44%	17.17%	L&T FinCorp Ltd.	13.18%	4.60%	17.78%
90.63%	18.42%	109.05%	L&T IDF Ltd.	43.69%	7.69%	51.38%

Comments

○ NIMs reflect increase in gearing and higher proportion of operating projects

○ Opex remains stable across quarters

○ Improvement in RoE for core lending business

○ Healthy asset growth, in low risk operational assets, in a difficult environment

Investment Management

Industry update

- Industry average assets increased by 14% to Rs 1,353,443 Cr. in Q4FY16 from Rs. 1,188,690 Cr. in Q4FY15 and marginally by 1% from Rs 1,340,798 Cr. in Q3FY16
- Equity assets increased with positive flows during the quarter while markets were volatile
- Outflows in money market and other money market segments towards quarter end

L&T Mutual Fund

- Diversified investor base of ~9 lakh accounts based out of 500+ districts with a branch network spanning over 55 cities
- Comprehensive portfolio, with 29+ funds across asset classes, risk profiles and time horizons

Q4FY15	Q3FY16	AAUM Composition	Q4FY16	AAUM (Rs. Cr.)
38%	41%	Equity	40%	10,316
22%	25%	Other Fixed Income (Includes Hybrid)	26%	6,674
28%	28%	Cash/Money Market	28%	7,410
12%	6%	FMP	6%	1,544

AAUM (Rs. Cr.)	Q3FY16	Q4FY16	% growth
Industry	1,340,798	1,353,443	1%
L&T MF	25,059	25,945	4%

Investment Management – Performance Overview

Key Highlights

- AAUM growth of 4% for L&T Mutual Fund versus industry growth rate of 1% on Q-o-Q basis
- Growth led by net inflows in equity and fixed income categories
- Good and consistent fund performance across categories

Q4FY15	Q3FY16	Q4FY16	Y-o-Y	Parameter (Rs. Cr.)	FY15	FY16	Y-o-Y
28	29	32	14%	Operating Revenue	99	120	21%
2	25	25	1%	Opex	94	101	8%
3	5	7	115%	PAT(before amortization)	5	19	253%
22,497	25,059	25,945	15%	Average AUM ¹	22,497	25,945	15%
0.46%	0.45%	0.47%	2%	Management Fees/AUM	0.44%	0.48%	9%
0.06%	0.08%	0.11%	83%	Net Margin (before amortization)	0.03%	0.08%	167%

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

¹AUM is quarterly average

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

Wealth Management – On The Path Of Steady Growth

Profile

- L&T Capital Markets Ltd (LTCM) offers wealth management services to HNIs and affluent investors through two separate channels – Private Wealth and Premier Wealth
 - However starting 1st Apr 2016, the private wealth and premier wealth have been merged as part of a strategic restructuring to approach customers as a single team in a cost efficient manner
- **Ranked 6th** Best Private Bank (Overall) and **Ranked 1st** in Client Confidentiality & Security (US\$ 1M-5M category) in the ASIAMONEY Polls - Jun 15
- Offers a portfolio of comprehensive products and services (Equity, Mutual Funds, Real Estate and Fixed Income) through a dedicated set of research professionals along with Senior Private Bankers

Q4FY15	Parameters	Q3FY16	Q4FY16
6,967	AAUS (Rs. Cr.) *	8,376	9,315
~3,000	No of clients	~4,100	~4,600

Notes: * AAUS is quarterly average

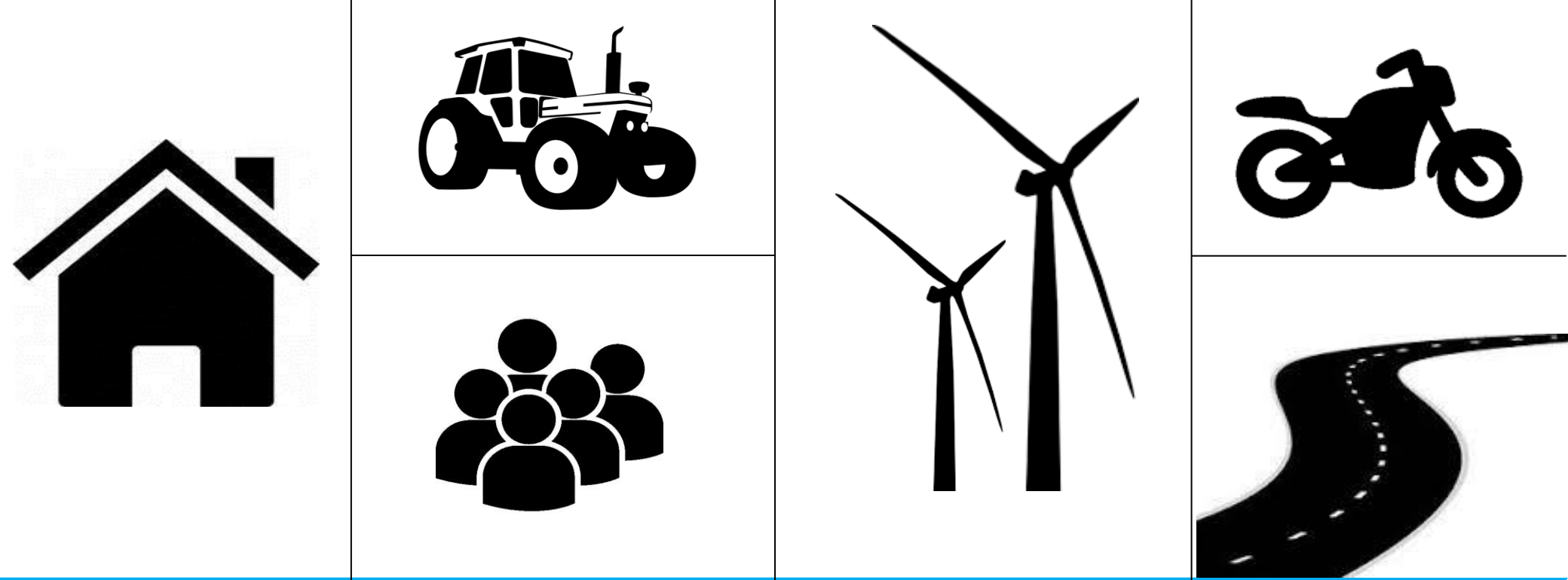
L&T Finance Holdings – Performance Highlight

L&T Finance Holdings – Summary Financials

Performance and Outlook – By Business

Strategy Roadmap

Appendix



TRANSFORM. FOCUS. DELIVER.

Roadmap to deliver continuous improvement in RoE



L&T Financial Services



TRANSFORM.

FOCUS.

DELIVER.



L&T Financial Services

LTFH has built a strong position...



Amongst the largest NBFCs by asset size



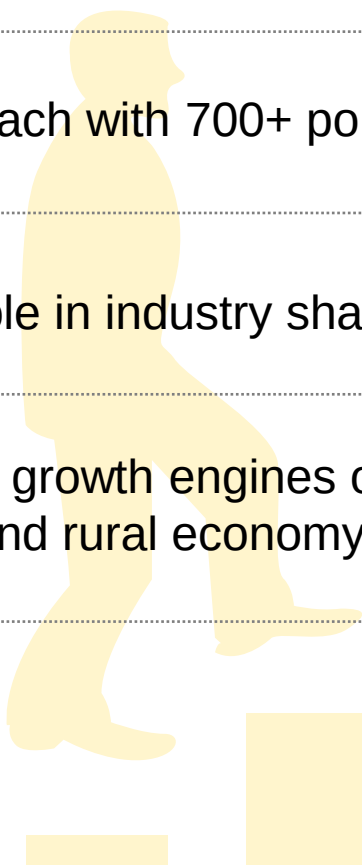
Widespread reach with 700+ points of presence, in 24 out of 29 states



Instrumental role in industry shaping regulations e.g. Infrastructure Debt Fund



Participating in growth engines of India – infrastructure development, housing, urban consumption and rural economy



through distinctive, market leadership position in 4 businesses...



even as LTFH has evolved with changing aspirations...

Foundation for growth

2007 – 2011

- Total assets cross 20,000 Cr
- Established Infra Finance business
- Forayed into Mutual Funds
- Went public - IPO

Comprehensive financial offering in line with banking aspirations

2012 – 2015

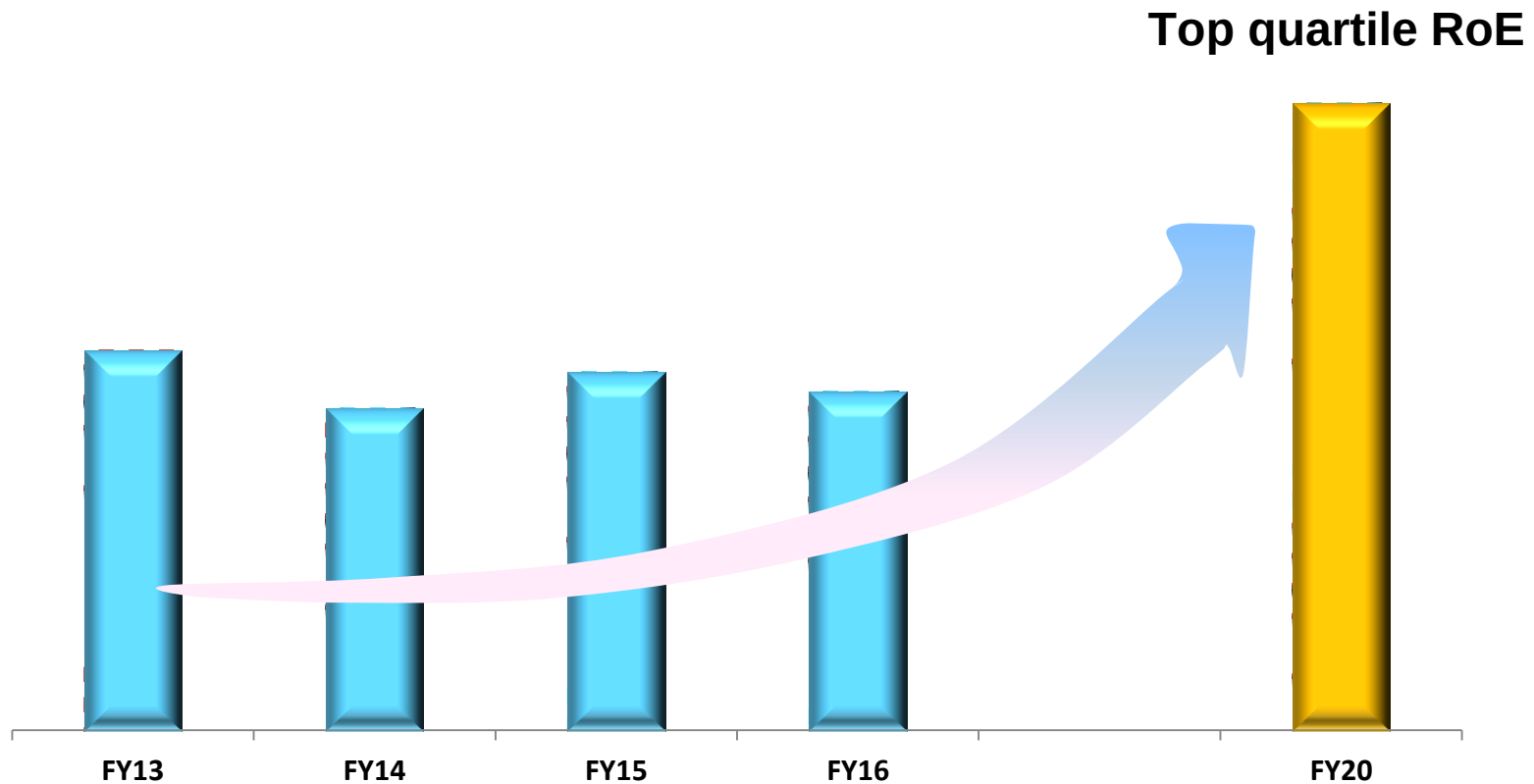
- Total assets cross 45,000 Cr
- Expanded portfolio to ~17 lending products
- Successful acquisitions – Indo Pacific Housing, Family Credit, Fidelity
- Built Wealth platform

Clear focus on RoE

2016 – 2020

- Re-orient strategy to focus on select products and deliver steady improvement in RoE

...and the need to TRANSFORM – delivering RoE



To transform RoE over the next 4 years



TRANSFORM.

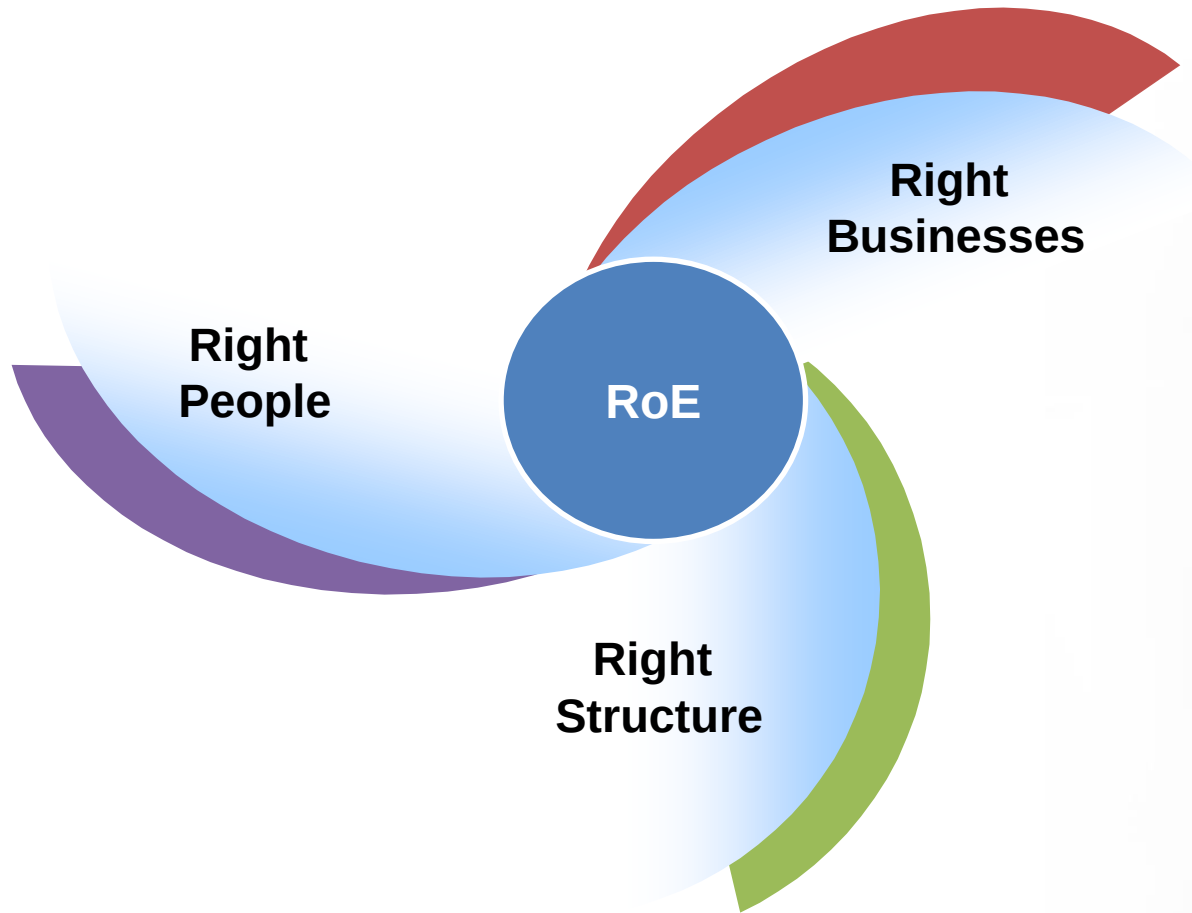
FOCUS.

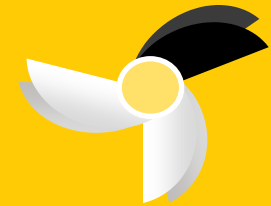
DELIVER.



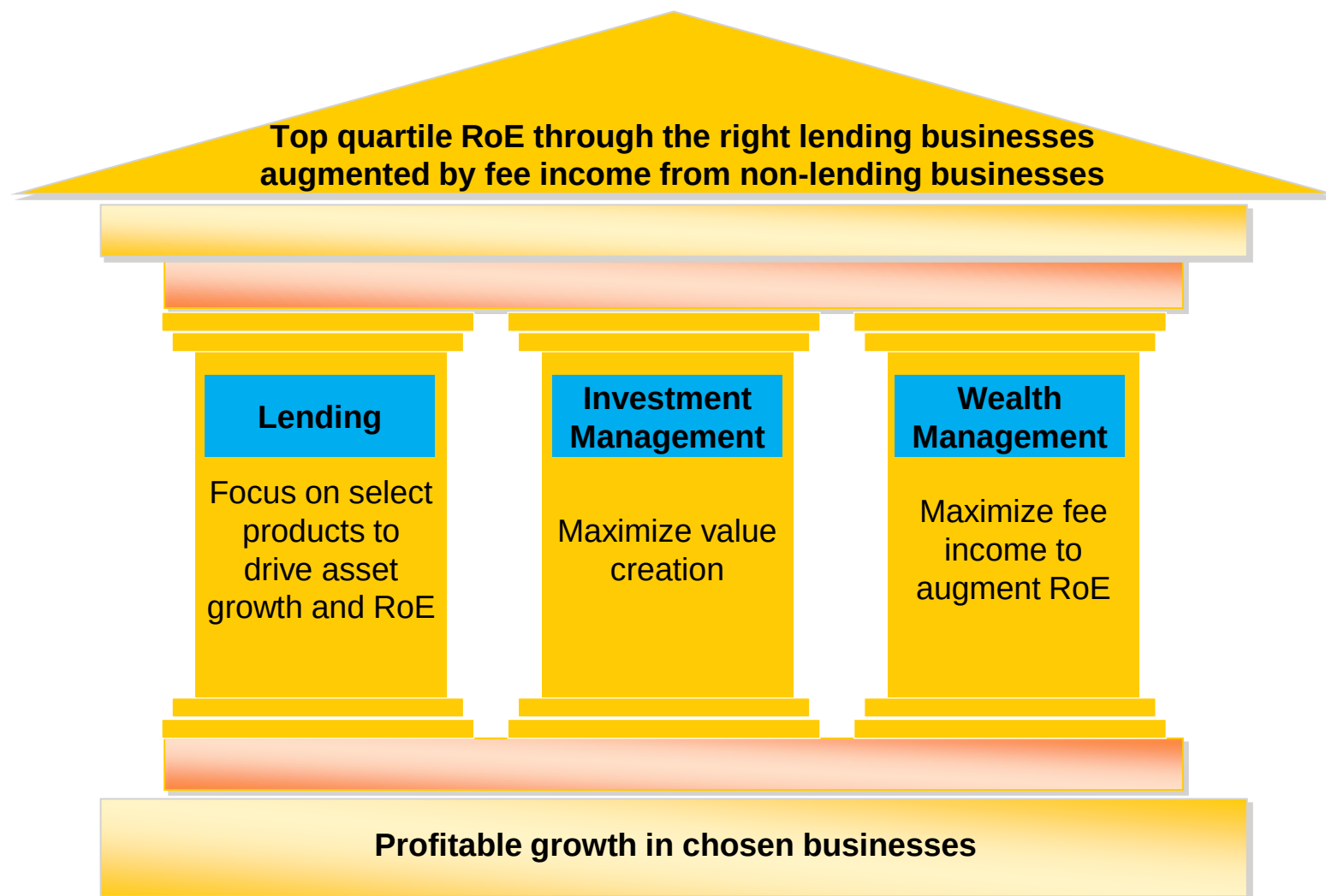
L&T Financial Services

Focus – Delivering continuous improvement in RoE

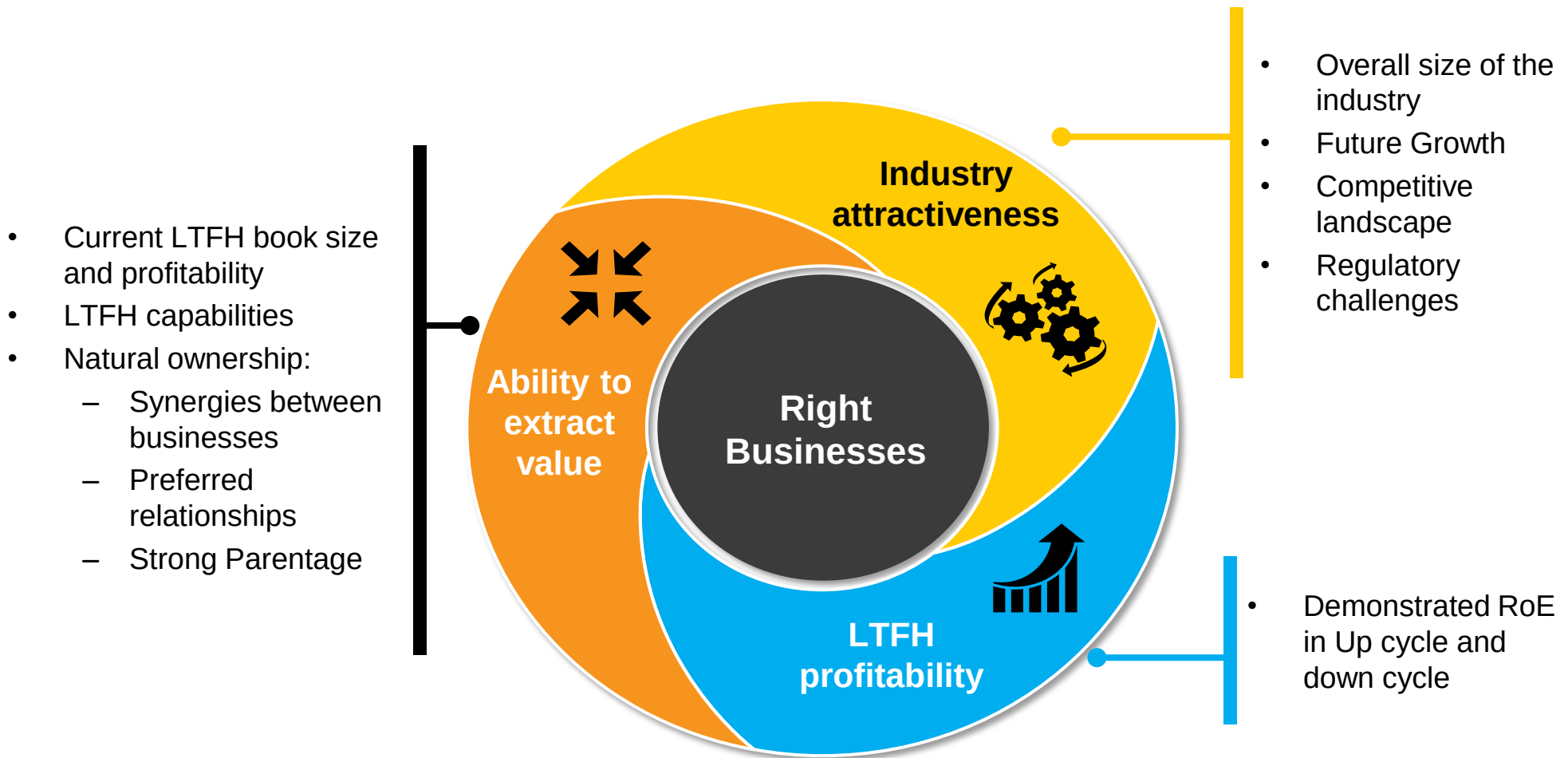


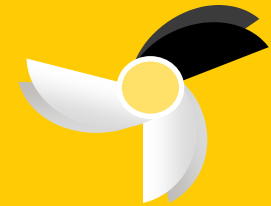


Right businesses – pillars to achieve our aspiration



Adopted a 3 filter approach to evaluate our existing lending portfolio ...





and decided to build a sharp focus...

FROM ...

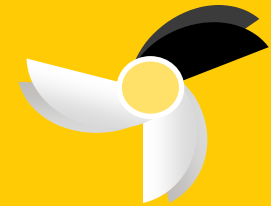
**17 different
products**

... TO

**3 focus
businesses**

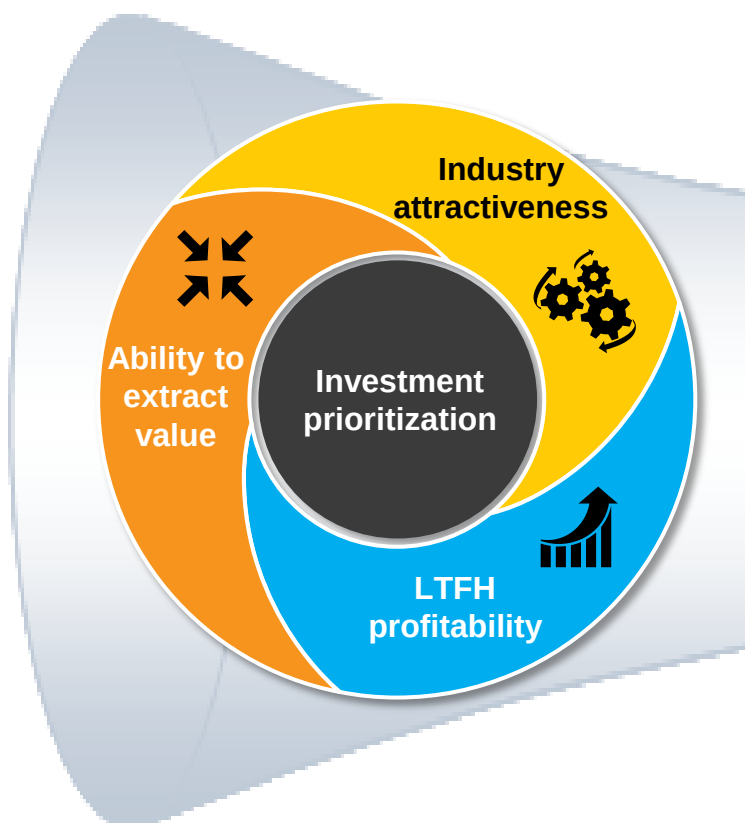
**Focus
Businesses**

- Prioritize capital allocation
- Ability to make the right investment
- Effective use of management bandwidth
- Ability to handle an industry downturn better than competition



in lending businesses where we can grow profitably...

- Farm equipment
- Microfinance
- Two wheelers
- Passenger vehicles
- CV/ LCV/ SCV
- CE
- SME
- Receivables discounting
- Leasing
- Home loans
- LAP
- Construction finance
- Mid market
- LAS
- Infrastructure finance
- ...



Wholesale

Infrastructure Finance

Structured Corporate Loans

Rural

Farm Equipment

Microfinance

Two-wheelers

Housing

Self-employed Home Loans & LAP

Developer Finance

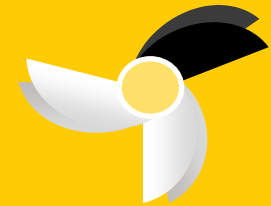
Risk Management Framework

- Leverage analytics and technology for objective credit decisions
- Framework for identifying early warning signals
- Strengthen sell down CoE to balance portfolio risk
- Strengthen collection and recovery framework
- Ensure readiness for tightening regulations regarding NPA recognition



- Balanced mix of floating and fixed rate loans to manage basis risks
- Access broader set of investors for continued excellence in lower cost of borrowing at higher scale

- Centralized receipt management to control leakages
- Shift towards electronic modes of repayment
- Leveraging mobility platforms



While maximizing value in AMC...

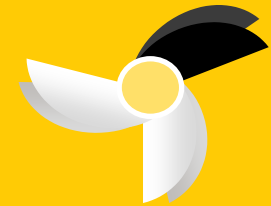
Continued focus on growing the Equity AuM to drive value creation

Since then,
2X AuM

Fidelity
acquisition



And maximizing fee income from the Wealth Management business...



Strategy going forward ...

Consolidation of 2 verticals – Premier and Private into a unified business

Offer high quality advisory services

Enhance operating efficiency

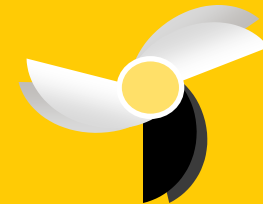


7x

Customers

4x

AAUS



Ensuring optimal capital allocation...



Structure to derive full value of allocated capital

- Allocating more capital towards high ROE generating business
- Using sell-down “Centre of Excellence” to increase fee income and balance portfolio risk
- Monetization of non-interest bearing assets

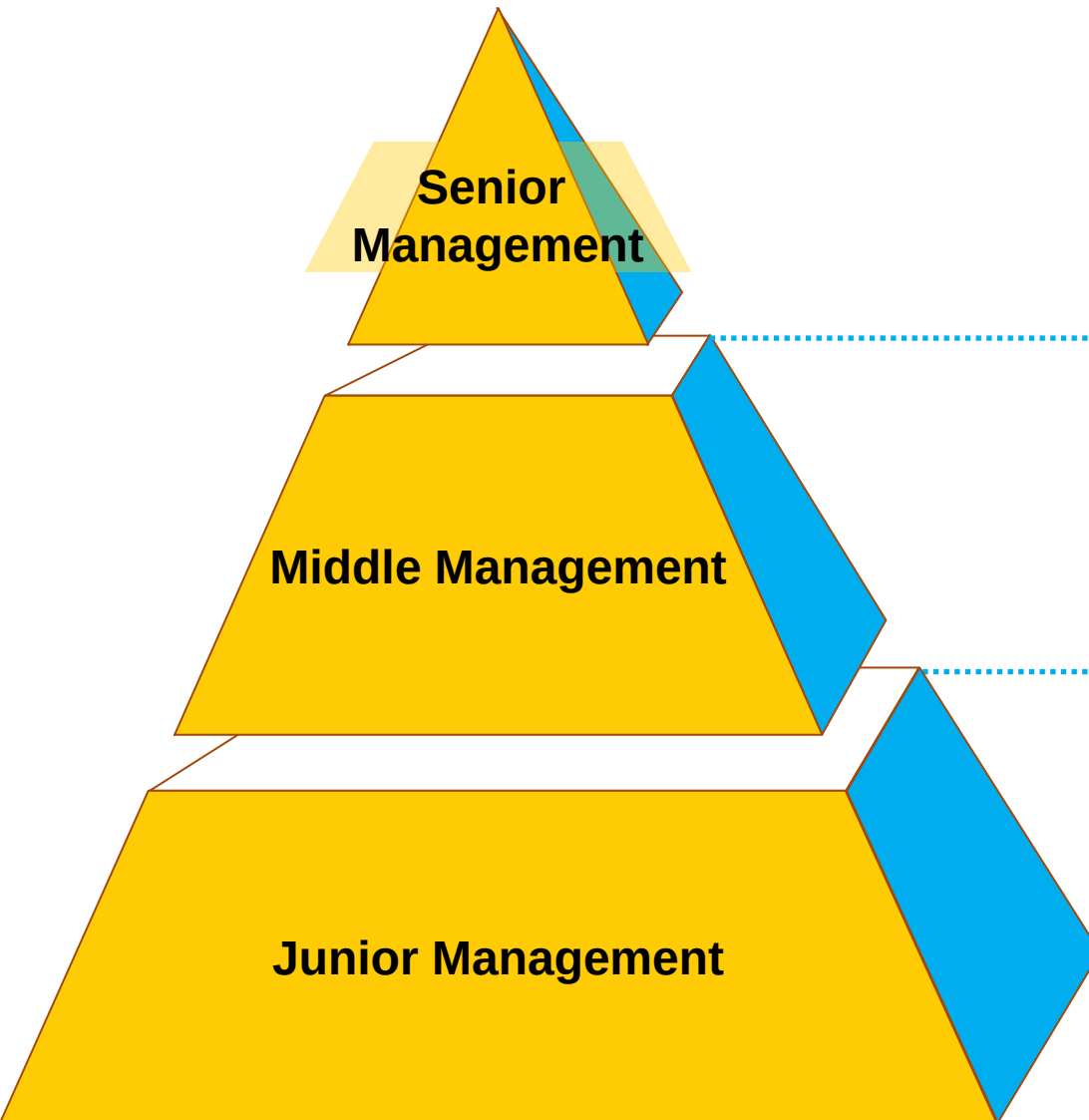


Consolidate multiple legal entities

- Optimize capital utilization
- Effectively utilize management bandwidth



And the right people across the hierarchy...

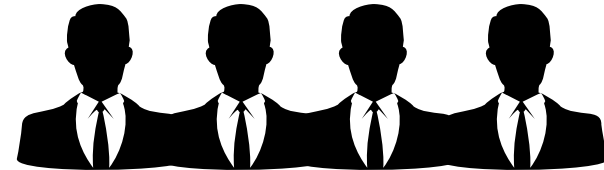


**Senior
Management**

Middle Management

Junior Management

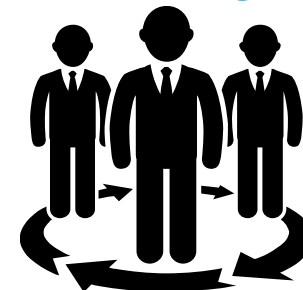
High impact on organization

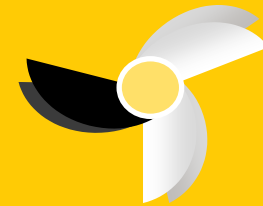


Talent pool



Execution Engine





Led by a committed management team



Y M Deosthalee
Chairman & Managing Director
43 yrs exp, L&T



Dinanath Dubhashi
Deputy Managing Director
26 yrs exp, BNP Paribas, SBI Cap, CARE



G Krishnamurthy
CE - Wholesale Business
25 yrs exp, ICICI, Reliance



Kailash Kulkarni
CE - Investment Management
Business
26 yrs exp, Kotak Mahindra AMC,
Met Life, ICICI



Manoj Shenoy
BH - Wealth Management
26 yrs exp, EFG Wealth Mgmt,
Anand Rathi



Srikanth J
BH - Real Estate
and Supply Chain
20 yrs exp, BNP Paribas,
Commerz Bank AG



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



Sunil Prabhune
Group Head - HR, Corporate
Communication, FCM
and CSR
18 yrs exp, ICICI Bank, GE, ICI



N Suryanarayanan
Group Head - Secretarial
and Compliance
33 yrs exp, ACC, L&T



Muralidharan Rajamani
Group Head - Operations
and IT
31 yrs exp, Edelweiss Tokyo Life,
Dhanalaxmi Bank



Deepak Punjabi
Chief Risk Officer
31 yrs exp, Burgan Bank, BNP
Paribas



Soumendra Nath Lahiri
CIO - Investment Management
Business
26 yrs exp, Canara Robecco AMC,
Emkay Global



Akshayaa Singh
BH - Private Equity
24 yrs exp, Q India Investment
Advisors, Tishman Speyer, L&T



Ramya Rajagopalan
Group Head - M&A
and Special Projects
29 yrs exp, NSE, J P Morgan
Chase, ICICI Securities



Raju Dodti
Group General Counsel
18 yrs exp, IDFC Ltd, ABN Amro,
Soc Gen



Dipti Advani
Head - Risk, Retail
and Supply Chain
27 yrs exp, IL&FS, Sterlite



G K Shettigar
Group Head - Treasury
37 yrs exp, Fujitsu ICM, K J
Indenting



Rupa Nitsure
Group Chief Economist
28 yrs exp, Bank of Baroda, ICICI
Bank



Virender Pankaj
BH - Project Finance, Equity
Syndication and Stress Asset
Management
25 yrs exp, SBI



Shiva Rajaraman
BH - IDF and SI
20 yrs exp, IDFC Ltd, Sanmar
Group



TRANSFORM.

FOCUS.

DELIVER.



L&T Financial Services

Execution will be the focus to drive change

Cost Excellence –

Allowing us to invest in the right businesses

Innovation – shift mindsets towards building the “Next” practice

Tap synergies – leverage strong Parentage and large customer franchise

One LTFH
customer centric,
unified mission

Centers of Excellence – build deep expertise in businesses/ functional capabilities

Execution roadmap



Short term

- Drive efficiency to **bring down Cost /Income** ratio
- Using sell-down “Centre of Excellence” to increase fee income and balance portfolio risk



Medium term

- **Shift** majority of **capital deployment** towards **prioritized segments**
- Unlock value of investments



Long term

- Upside from focus on prioritized business lines, thereby creating value
- Build strong structural capabilities to drive sustainable, profitable growth

Metrics to track success over time...



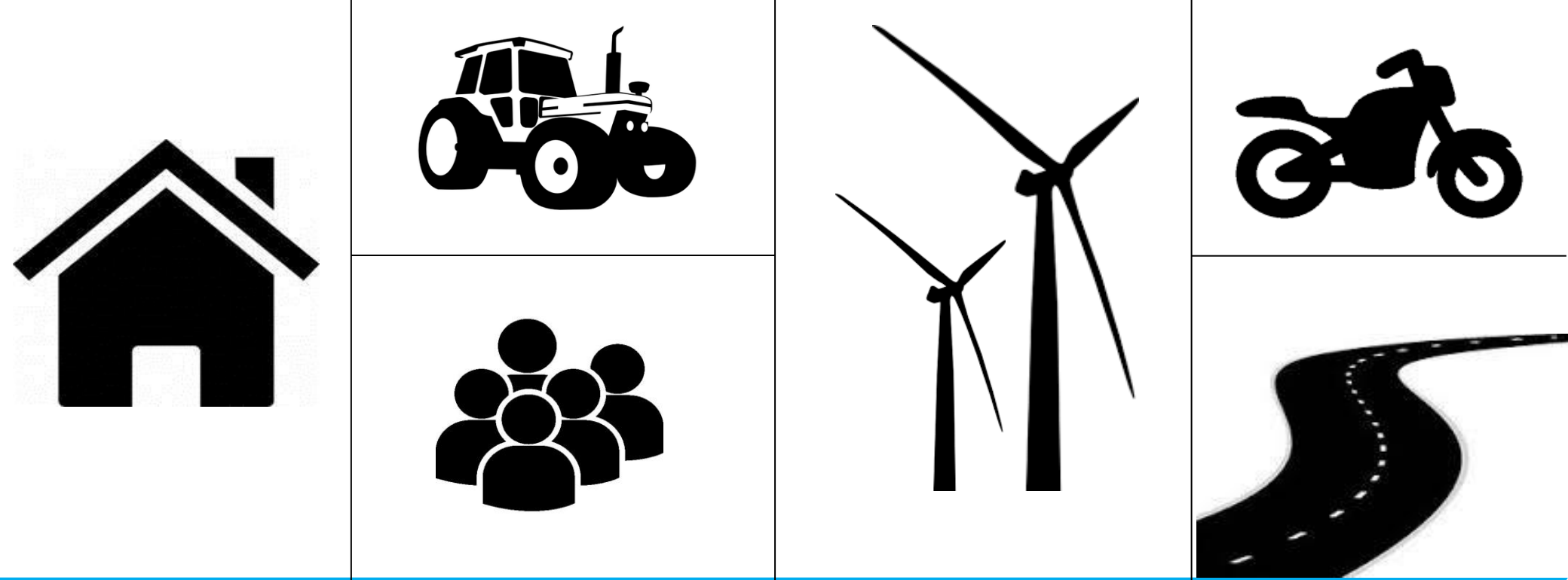
**Improvement
in Cost to
Income ratio**



**Progress on
specific
initiatives**



**Continuous
improvement
in RoE**



TRANSFORM. FOCUS. DELIVER.

Strategy roadmap to delivering continuous improvement in RoE



L&T Financial Services

L&T Finance Holdings – Performance Highlight

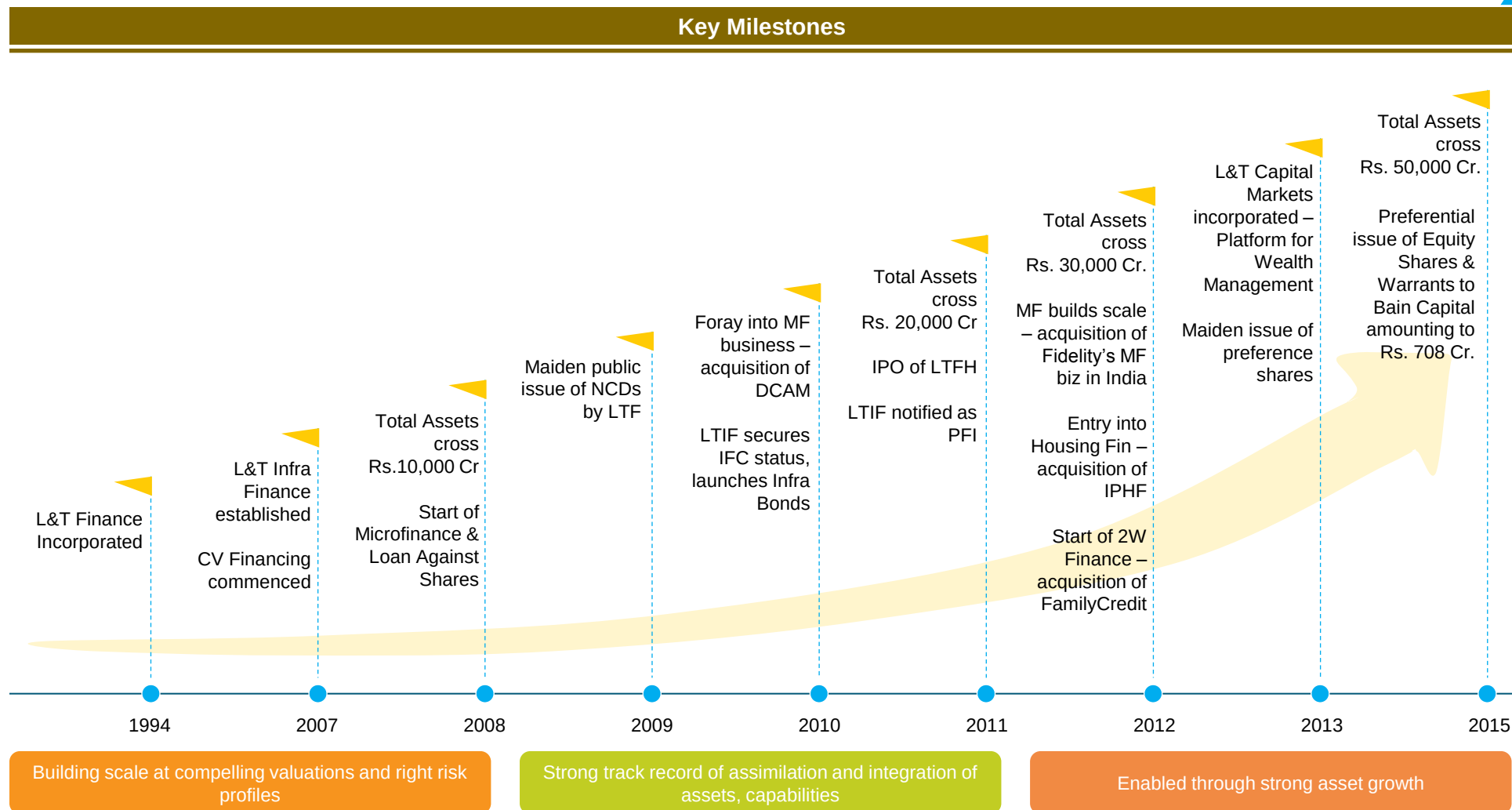
L&T Finance Holdings – Financial Summary

Performance and Outlook – By Business

Strategy Roadmap

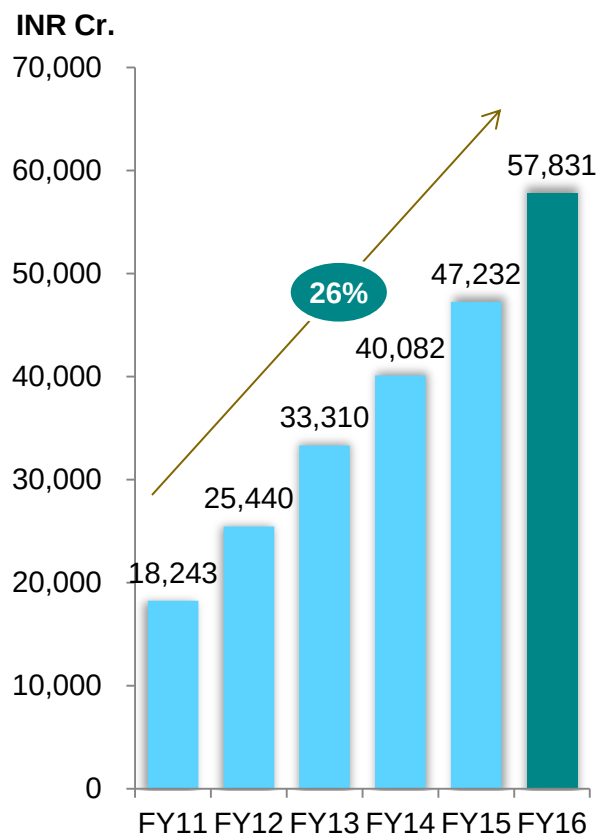
Appendix

Building Scale and a Sustainable Financial Services Offer

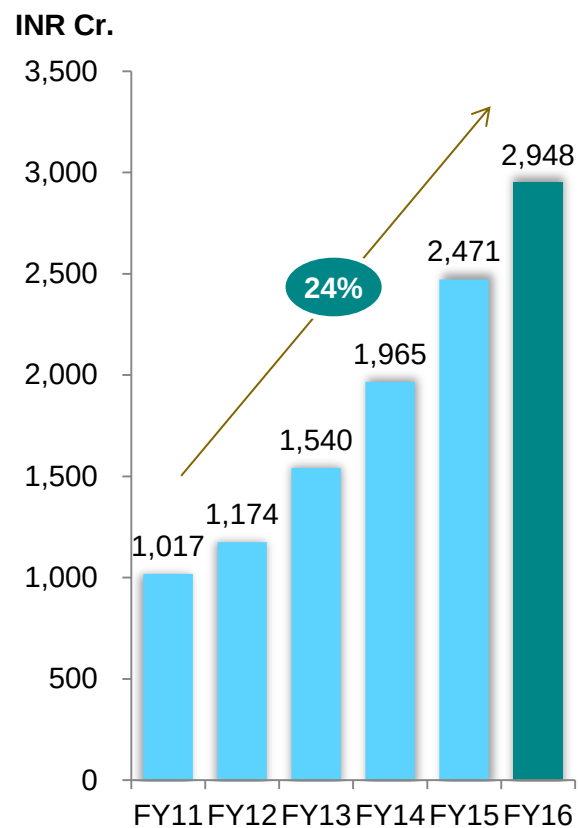


Consistent and Robust Growth Trajectory

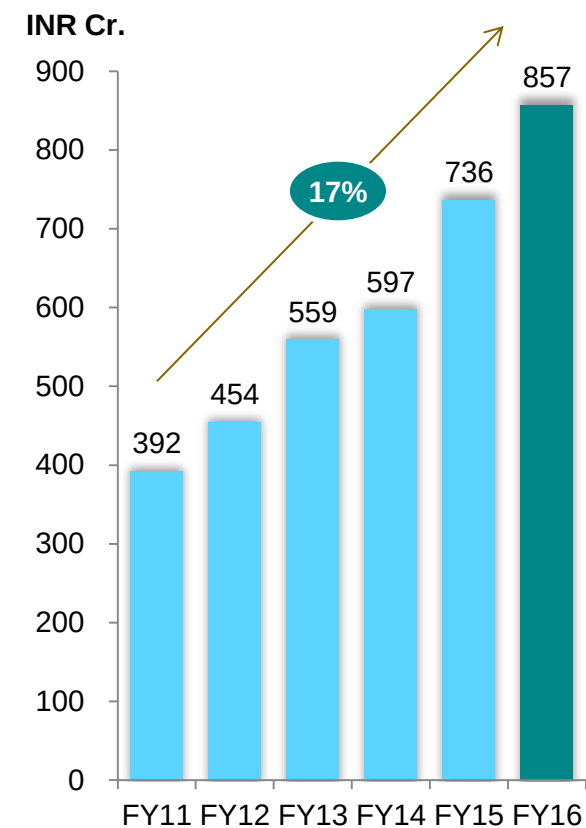
Loans & Advances



Net Interest Margin



PAT



Leadership comprises a seasoned board of directors

Board Of Directors



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

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



Harsh C. Mariwala, *Independent Director*

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



Dinanath Dubhashi, *Deputy Managing Director*

- B.E.(Mechanical), PGDM – IIM (Bangalore)
- 25+ years of experience across multiple domains in BFSI such as Corporate Banking, Cash Management, Credit Ratings, Retail Lending and Rural Financing



B. V. Bhargava, *Independent Director*

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



R. Shankar Raman, *Non-Executive Director*

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



P. V. Bhide, *Independent Director*

- Hold MBA, L.L.B and B.Sc degrees
- Retired IAS officer
- Former Finance Secretary; 40+ years experience across various positions in the Ministry of Finance



Amit Chandra, *Non-Executive Director*

- MBA from Boston College and Electrical Engineering from VJTI
- Managing Director at Bain Capital since early 2008
- Retired from DSP Merrill Lynch as Board Member & MD and had direct oversight of its Global Markets & IB business



S. V. Haribhakti, *Independent Director, Chairman of the Audit Committee and Nomination & Remuneration Committee, LTFH*

- CA, Cost Accountant, and a Certified Internal Auditor
- Masters in Management Studies from Uni. of Mumbai
- Managing Partner, Haribhakti & Co



Thomas Mathew, *Independent Director*

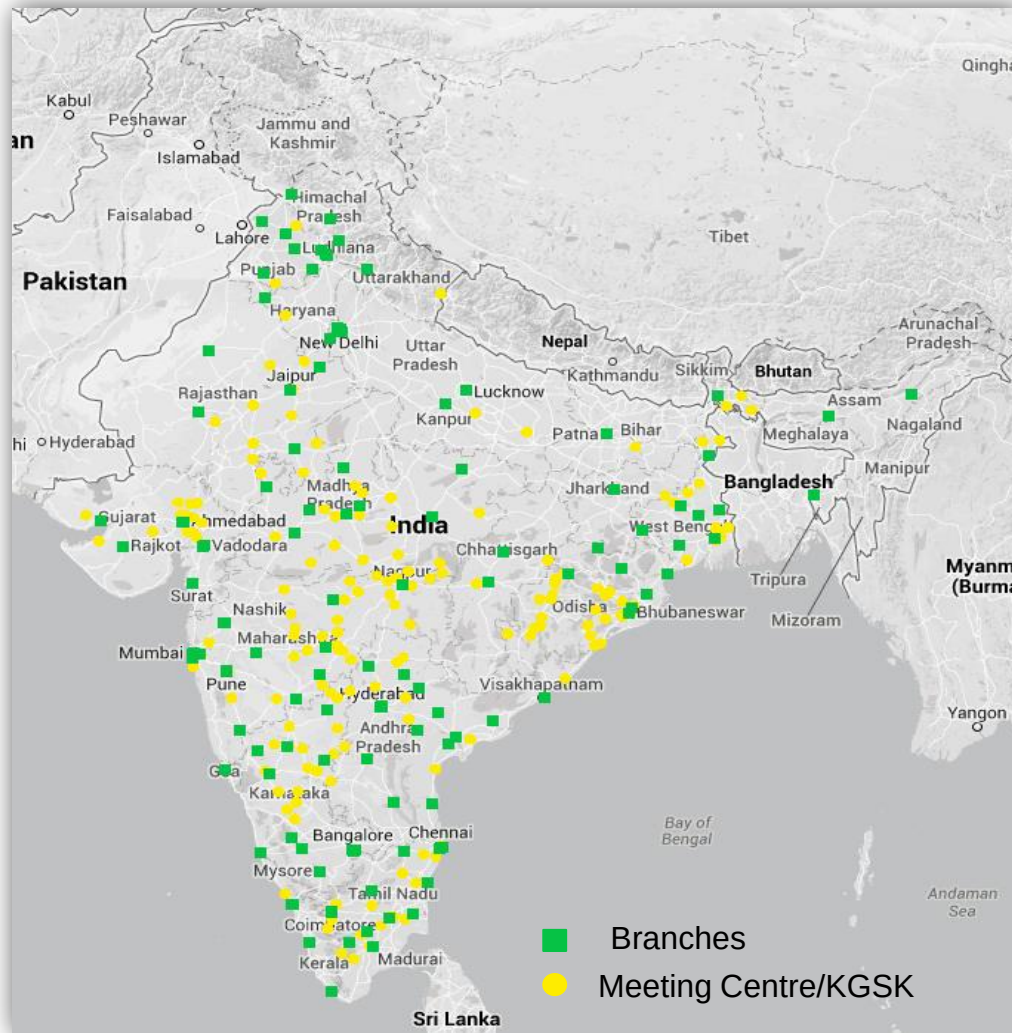
- Post graduate in Economics and Law graduate
- MD & CEO of Reinsurance Group of America for India, Sri Lanka and Bangladesh
- ~Four decades experience in Life Insurance, Retd. Current-in-Charge Chairman of LIC of India



K. Rao, *Independent Director*

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

Enabled by a Pan India Footprint of 700+ Points of Presence



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

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

Extensive branch presence complemented with 500+ Gram Sampark operations (mobile branches)



“My Branch” provides door step access - Advanced sales force with tablets and hand held scanners extends footprint beyond branches delivering increased productivity and faster turn around times

Impact of RBI Norms

Norms		Impact	
		Retail Finance	Wholesale Finance
A. Standard asset provisioning at 35 bps		Standard asset provision (SAP) made at 35 bps	SAP in L&T Infra Finance was at 35 bps ,while it has been made at 35 bps in L&T FinCorp also
B. NPA at 120 days DPD	Income reversal	Income not recognized on 120+ DPD assets	- Income has always been reversed on all accounts with 120+ DPD - No impact in 2016-17
	Principal provisioning	120-180 DPD Portfolio demonstrates low probability of loss given default - Loss accounts best represented by 180+ DPD portfolio - Current provisions cover loss given default adequately - Policy can be modified without need for making additional provision - Impact 2016-17 likely to be only against incremental 180+ DPD accounts - No incremental impact likely in mid-corporate portfolio	- Policy exists for calibrated provisioning on all accounts with 120+ DPD - No major impact expected to arise due to change in norms

Enhancements in Risk Management Framework

	Retail Finance	Wholesale 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 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 35 bps - Voluntary provision of 3% - 8% for identified assets - New restructured standard assets – 5.0% - Existing restructured standard assets – to enhance from 2.75% to 5.0% over 3 years
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	

Robust Corporate Governance

Corporate Governance

Corporate Governance viewed as an ongoing process at LTFH

- Over and above regulatory requirements, corporate governance has a fundamental link with the organization's business, corporate responsibility and shareholder wealth maximization

Board of Directors

Board of Directors is broad based at LTFH level and at the material subsidiary level

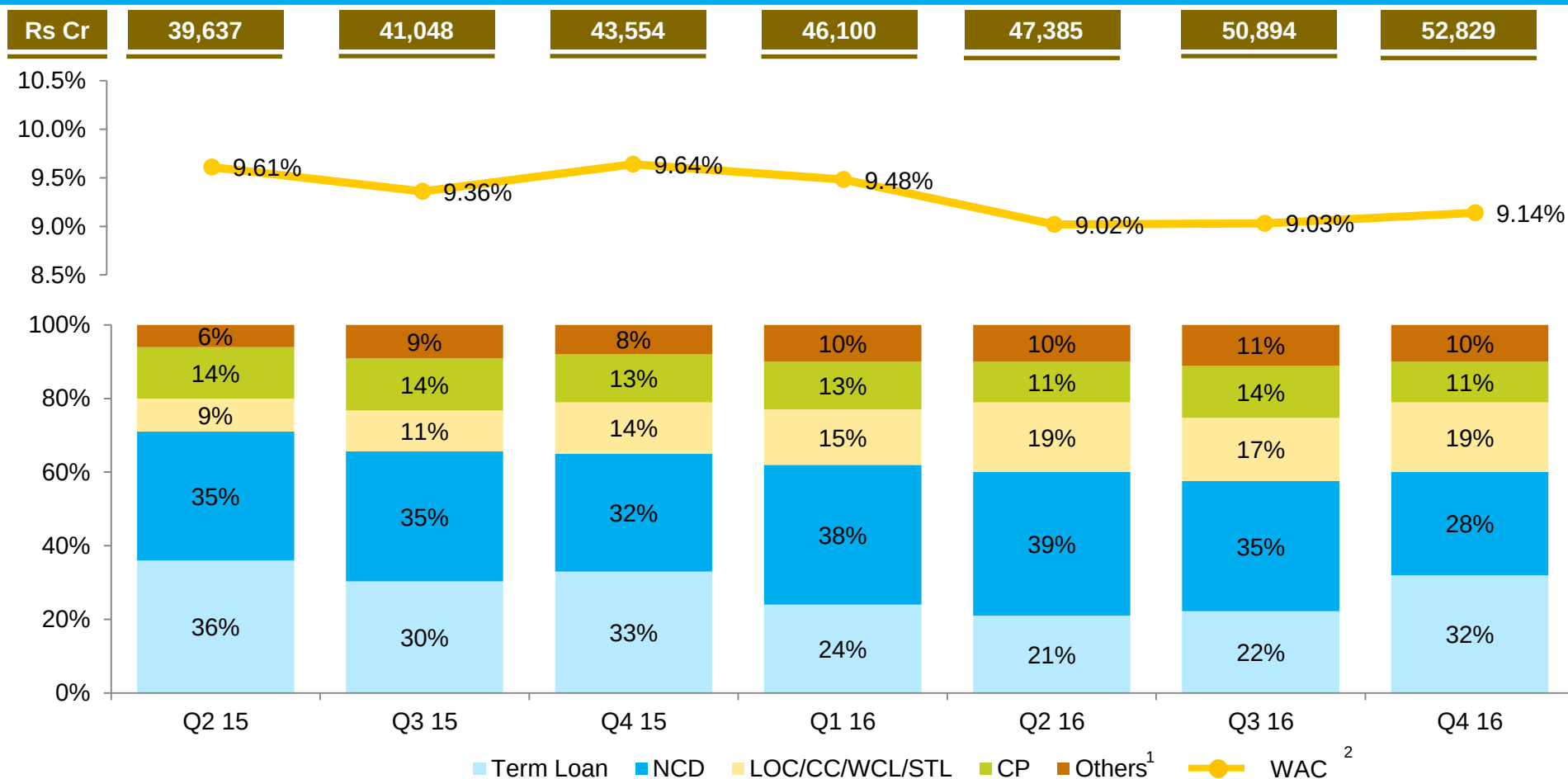
- LTFH board has 6 independent directors, more than that mandated by law
- Presence of independent directors on the boards of all material subsidiary companies much before regulation made it mandatory
- Directors on the boards come with rich experience in their respective fields

Committees

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

- Audit Committee, Shareholders' Grievance Committee, Nomination & Remuneration Committee, IPO Committee, Committee of Directors, Asset Liability Committee and Risk Management Committee
- Most of these committees are headed by independent directors

Effective Liability Management



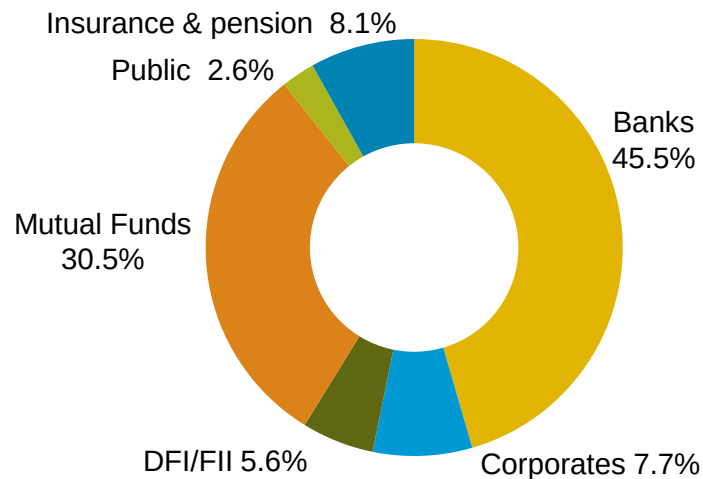
Focus on diversifying sources of funds

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

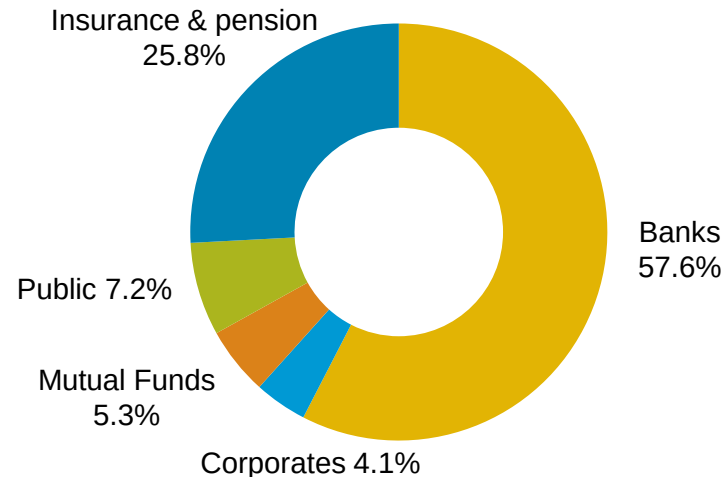
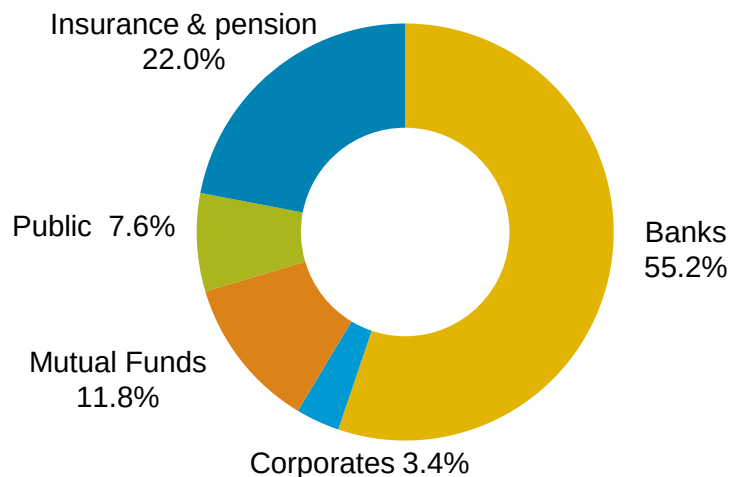
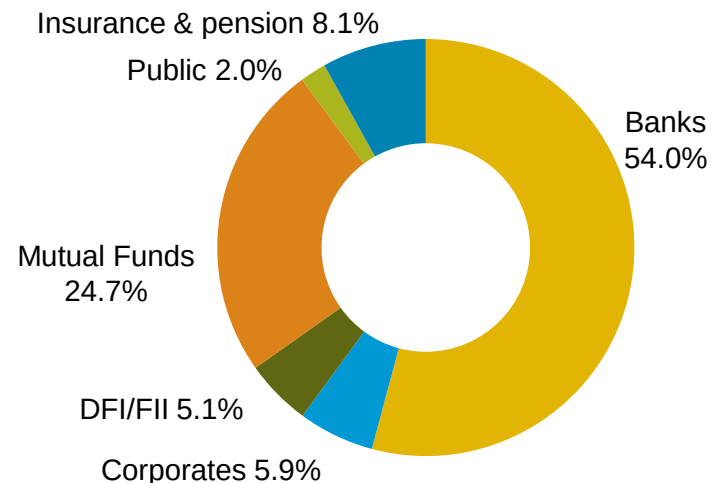
² WAC is excluding Preference Capital

Debt Composition – Source Wise

As on 31st Dec 2015



As on 31st Mar 2016

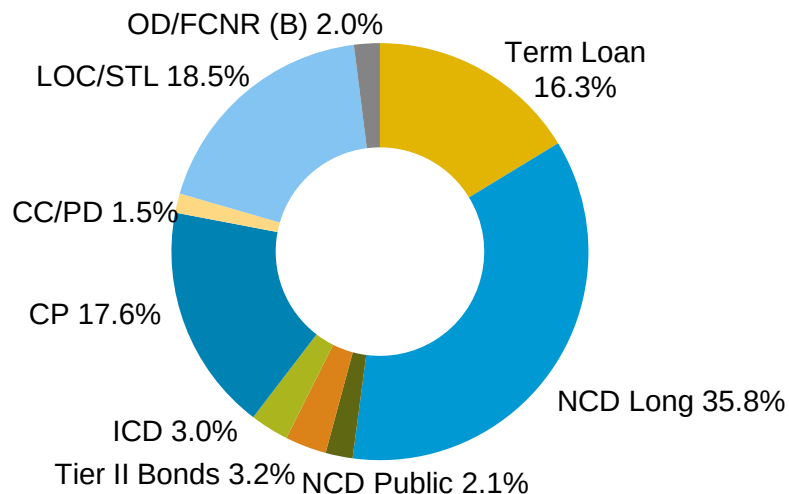


Debt Composition – Instrument Wise

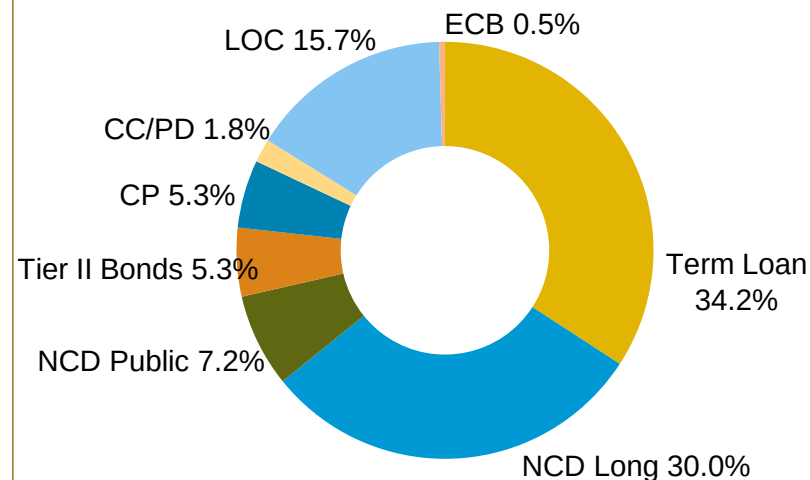
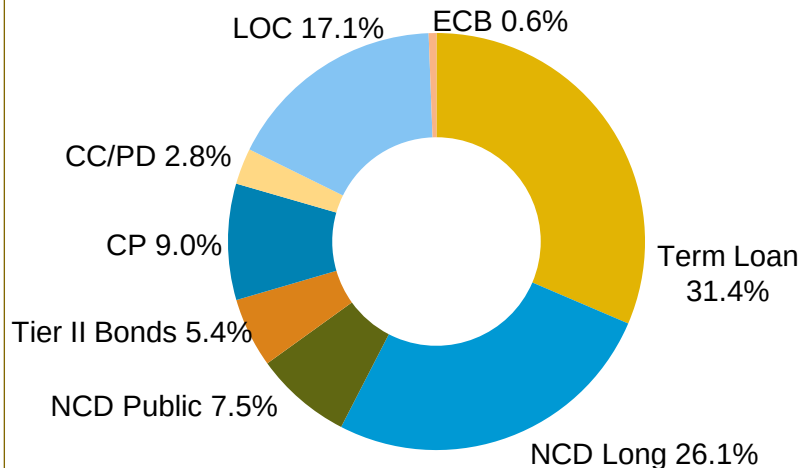
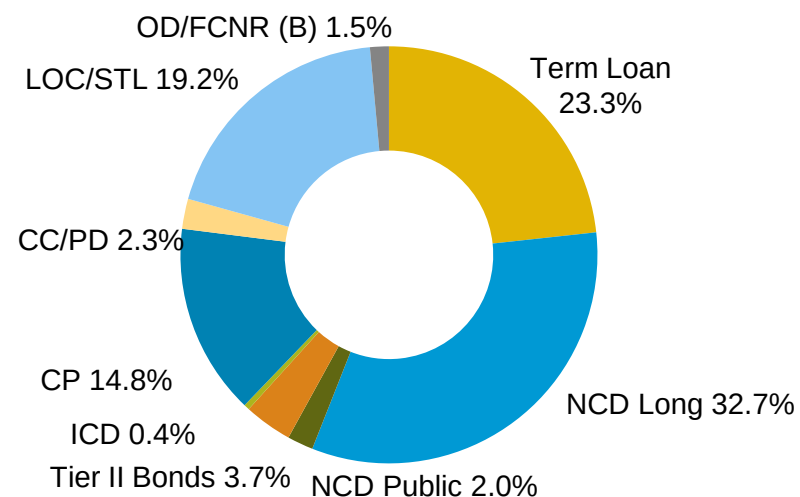
Retail Finance

Wholesale Finance

As on 31st Dec 2015



As on 31st Mar 2016

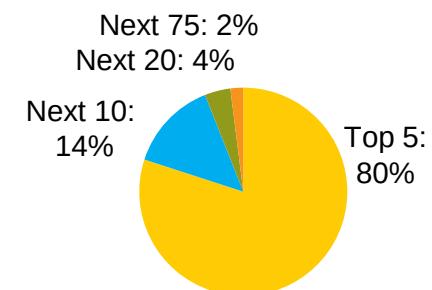
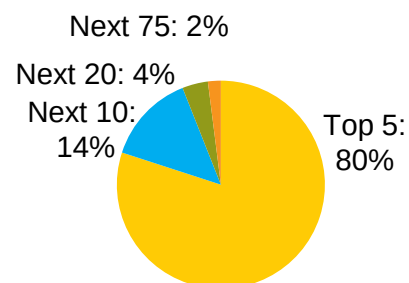
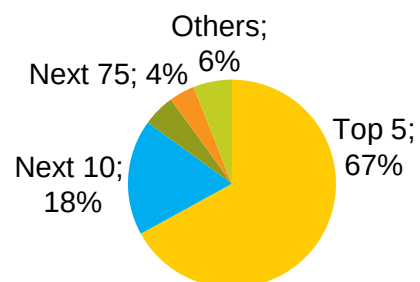


AUM Disclosure

Assets Under Management (Rs. Cr.)

	Quarter ended Mar, 2015		Quarter ended Dec, 2015		Quarter ended Mar, 2016	
Fund Type	AUM ¹	Avg. AUM ²	AUM ¹	Avg. AUM ²	AUM ¹	Avg. AUM ²
Income	7,225	7,540	7,576	7,689	7,970	8,059
Equity (Other than ELSS)	7,288	6,922	9,255	8,725	9,370	8,884
Balanced	0	0	0	0	0	0
Liquid	4,964	6,276	5,188	6,946	5,804	7,410
Gilt	59	50	102	93	97	98
Equity – ELSS	1,642	1,656	1,567	1,571	1,500	1,463
Gold ETF	0	0	0	0	0	0
Other ETF	0	0	0	0	0	0
Fund of Fund Overseas	49	52	33	35	31	31
TOTAL	21,226	22,497	23,721	25,059	24,772	25,945

Geographical Split By Cities



Our Parent Company, L&T , is India's Largest Engineering and Construction Company in the Private Sector

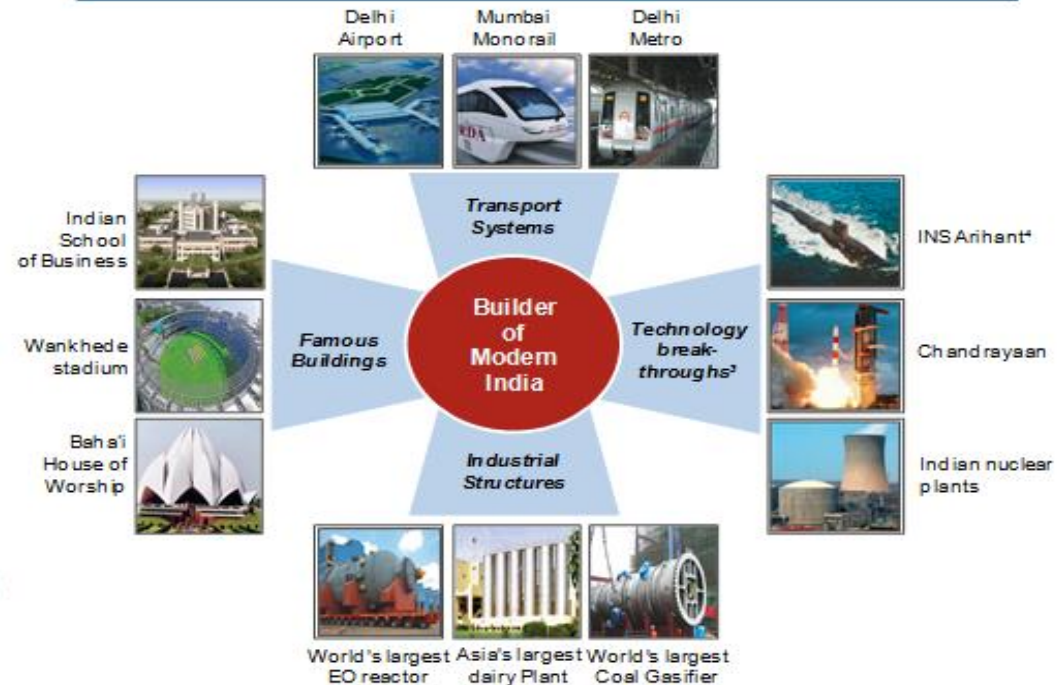
L&T Group has a long and illustrious history in India...

L&T was founded in 1938 by two Danish Engineers



- Revenue: ~ Rs. 920 bn¹
- PAT: ~ Rs. 48 bn¹
- Market Capitalization: ~ Rs. 1,168 bn²

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



- ✓ L&T Ranked No.1 in Quality of Leadership & India's Second Most Admired Company - Fortune India Survey, Aug 2014
- ✓ L&T in Top 10 'Best Indian Brands' - Interbrand & The Economic Times Survey, Jul 2013
- ✓ L&T Ranked 58th amongst World's Most Innovative Companies – Forbes Magazine, Aug 2014
- ✓ L&T among India's Top 5 most respected companies – Business World, Aug 2013

“Our aim is to be an admired and inspirational financial institution, creating sustainable value for all our stakeholders.”

L&T Finance Holdings Ltd

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L&T Financial Services