

October 20, 2021

National Stock Exchange of India Limited

Exchange Plaza,
Plot No. C/1, G Block,
Bandra - Kurla Complex, Bandra (East),
Mumbai - 400 051.

BSE Limited

Corporate Relations Department,
1st Floor, New Trading Ring,
P. J. Towers, Dalal Street,
Mumbai - 400 001.

Symbol: L&TFH

Security Code No.: 533519

Kind Attn: Head – Listing Department / Dept of Corporate Communications

Sub: Submission of Investor / Analyst Presentation

Dear Sir / Madam,

With reference to our letter dated October 7, 2021 and pursuant to Regulation 30 read with Para A of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), please find enclosed presentation to be made to Institutional Investor(s) / Analyst(s).

Further, as per Regulation 46 of Listing Regulations, the said presentation would also be available on website of the Company i.e. www.ltfs.com/investors.html.

We request you to take the aforesaid on records.

Thanking you,

Yours faithfully,

For L&T Finance Holdings Limited



Apurva Rathod
Company Secretary and Compliance Officer

Encl: As above

L&T Finance Holdings Limited

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TRANSFORM FOCUS DELIVER



Redefined

Strategy & Results Update – Q2FY22



L&T Financial Services

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LTFH 2.0

Our Commitment

TO BE A COMPANY WHICH:

- ✈ **Sustainably delivers top quartile RoE with strengthened risk profile**
- ✈ **Has a clear Right to Win in each of the businesses**
- ✈ **Uses Data Intelligence as a key to unlock RoE**
- ✈ **Has a culture of “Results” not “Reasons”**
- ✈ **Stable and sustainable organisation built on the foundation of “Assurance”**

Agenda

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Q2 in Perspective

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Financial update

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What worked for LTFS

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ESG @ LTFS

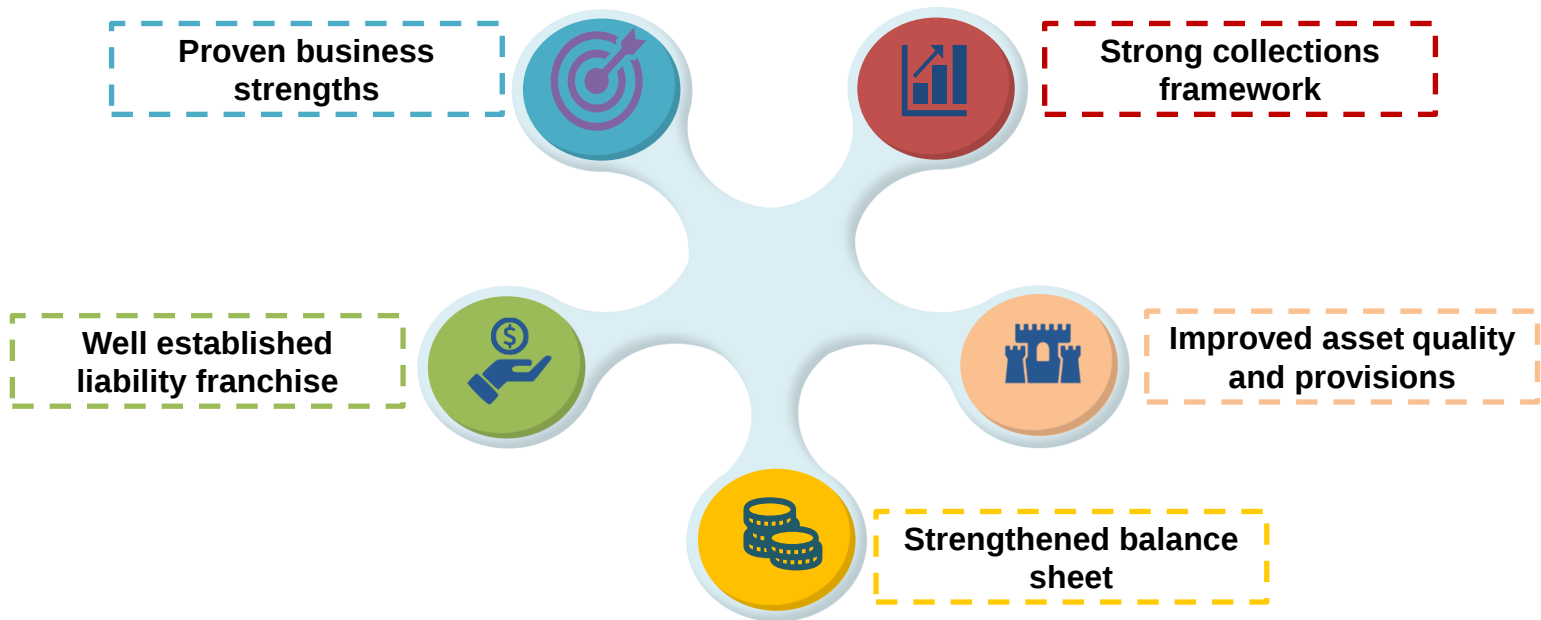
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Conclusion and Way Forward

Through FY21 & continuing in FY22 – ‘Built sustainable business model’

LTFS has shown the ability to deal with extremely tough conditions and has emerged stronger

Demonstrated and further strengthened sustainability of business model through:



LTFS is suitably placed to deliver medium to long-term growth with increase in retailisation

Q2FY22 in perspective



Normalised collections rhythm

- Collections normalised across businesses in Q2
 - Retail businesses: Strong collections momentum in Q2FY22; in line with Q3FY21 and Q4FY21 levels
 - Infra: Project collections normalised; thrust on portfolio retention by containing prepayments / sell down
 - Real Estate: Escrow collections have reached normalised levels; in line with Q3FY21 and Q4FY21 levels



Strong business momentum

- Best ever Q2 disbursements in Rural
 - Achieved highest Q2 disbursements in Farm and 2W; maintained market share
 - Initiated EV financing by funding 400+ e-scooters in Q2FY22
 - Rapid scale-up of our 1st 'digital native' Consumer Loans product, with Rs 479 Cr disbursement in Q2
 - Restored ~Rs 900 Cr disbursement trajectory in Micro Loans in Sept'21
- Retail book growth of 2% QoQ. Strong growth in Farm, 2W and Consumer Loans; Micro Loans and retail housing book degrowth arrested
- Increase in retailisation to 47% in Q2FY22 from 26% and 41% in FY16 and Q2FY21 respectively
- Disbursement momentum expected to further pick-up in Q3 on back of festive season and normalisation of Micro Loan disbursements
- Mutual fund: Achieved Rs 80,000+ Cr AUM, Pure Equity + Hybrid mix of 59% for LTFS vs 47% for the industry

Impact of Covid 2.0 is behind us with normalised collections and disbursements

Demonstrated growth in Rural book even during Covid; well poised to capture uptick from market normalization and festive season

Q2FY22 in perspective



Adequate provisions towards Covid 2.0

- Regular Collection efficiency back to pre-Covid levels across retail products
- Micro Loan: Achieved 99%+ regular CE in Sep'21
- Carrying additional provisions & OTR provisions of Rs 1,747 Cr (2.22% on standard assets); over and above ECL on GS3 assets and normal ECL on standard assets



Well established liability franchise

- Advantageously placed with strong parentage and AAA rating by CRISIL, ICRA, CARE and India Ratings; ICRA upgraded outlook from “Negative” to “Stable”
- Lowest ever cost of borrowing; Q2FY22 borrowing cost at 7.53%
- Raised Rs. 5,030 Cr of long-term borrowing in Q2 at a WAC of sub 6%



Strengthened balance sheet

- Improved capital adequacy at 25.2% (Tier 1: 20.1%) and reduced D/E to 4.4x

With normalisation of business backed by a strong liability franchise, adequate provisions for Covid 2.0 related risks and healthy capital adequacy, well poised to take advantage of growth

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Q2FY22 Performance: Key business metrics



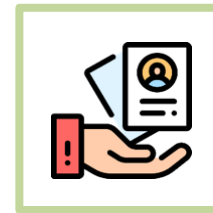
***Disbursements
& Asset size***



***Liability
Management***



NIMs + Fees

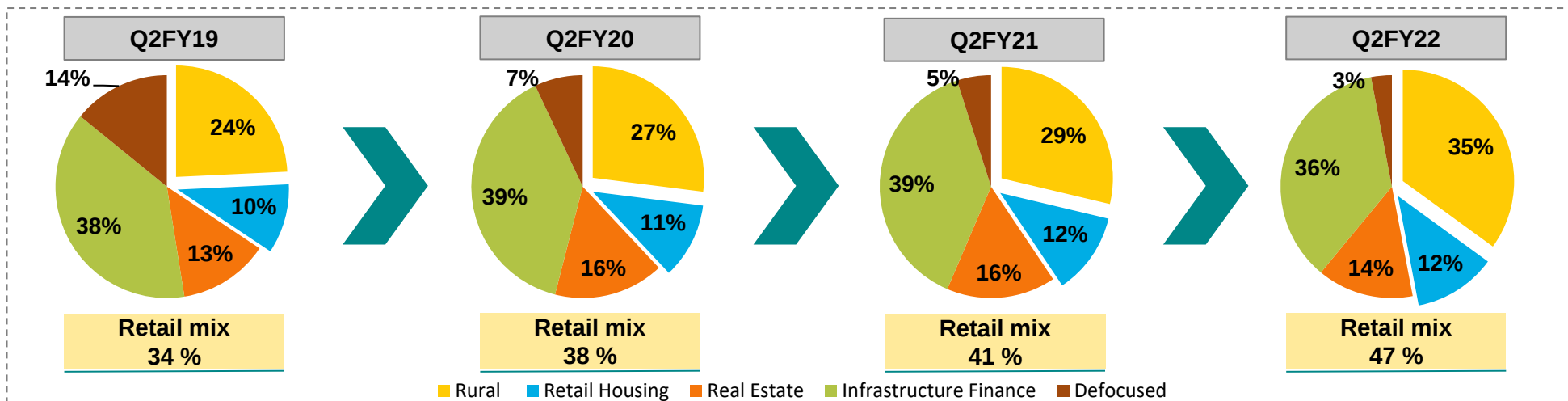


Collections



Credit Cost

Strategic intent to increase retailisation through...



Business wise book split (Rs Cr)

Particulars	Q2FY21	Q2FY22	YoY%	QoQ%	
Rural Finance	28,371	30,497	7%	3%	Strong momentum in Farm, 2W & Consumer Loans; Micro Loans disbursements normalised in Sep'21
Retail Housing	11,735	10,437	(11)%	0%	Focus on salaried segment; disbursement pick-up has led to stable book QoQ Salaried home loan book up by 10% YoY and 7% QoQ
Total Retail Finance	40,106	40,934	2%	2%	Contributes to 47% of portfolio in Q2FY22 as against 41% in Q2FY21
Real Estate Finance	15,506	12,248	(21)%	(1%)	Focus on tranche disbursements & new sanctions to select top developers
Infrastructure Finance	38,560	31,284	(19)%	(6%)	Book de-growth on account of lower disbursements and higher prepayments; strong disbursement pipeline in place
Total Focused Book	94,172	84,466	(10)%	(2%)	
Defocused Book	4,651	2,470	(47)%	(8%)	
Total Lending Book	98,823	86,936	(12)%	(2%)	

...strong growth in Retail portfolios



	Disbursements		Book			
	Rs Cr	YoY (%)	Rs Cr	YoY (%)	QoQ (%)	
Farm Equipment	1,149	5%	11,081	21%	4%	Achieved highest ever Q2 disbursements; Maintained market share
Two Wheelers	1,244	13%	6,935	3%	1%	Achieved highest ever Q2 disbursements; Maintained market share
Consumer Loans	479	674%	1,173	459%	50%	Continue strong traction; focused on existing customers till now, plan to tap non-captive customers going ahead
Micro Loans	2,116	56%	11,309	(8%)	0%	Disbursements normalised in September (~Rs 900 Cr) post normalisation of regular CE in August
Home Loans / LAP	592	36%	10,437	(11%)	0%	Increased traction with Q2 disbursements in line with Q3FY21 & Q4FY21; salaried home loan book up 10% YoY
Total	5,579	38%	40,934	2%	2%	

Retail book growth of 2% QoQ supported by strong growth in Farm, 2W and CL; degrowth in ML and HL / LAP has been arrested
Disbursement momentum expected to further pick-up in Q3FY22 on back of festive season and normalisation of ML disbursements

...moderated growth in Wholesale portfolios



	Disbursements		Book		
	Rs Cr	YoY (%)	Rs Cr	YoY (%)	QoQ (%)
Infrastructure Finance	1,347	(54)%	31,284	(19%)	(6%)
Real Estate	412	132%	12,248	(21%)	(1%)
Total	1,760	(43%)	43,532	(19%)	(5%)

Arrested prepayments; lower disbursements on account of delay in PPA signing and lower awards
Robust disbursement pipeline going forward

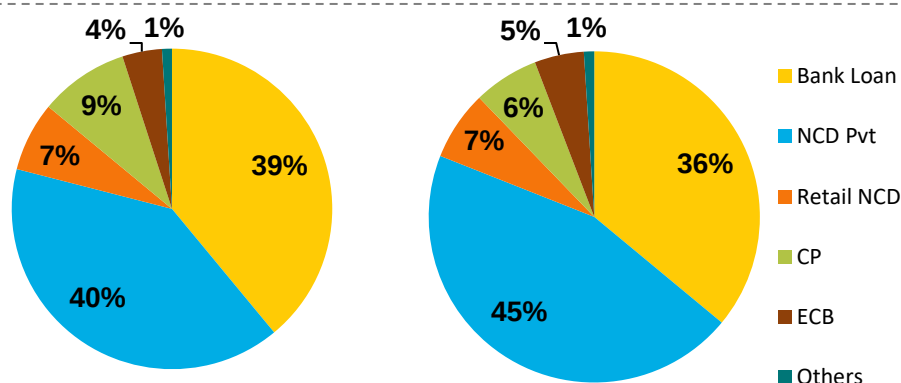
Continue to remain cautious with focus on tranche disbursements and new sanctions to select top developers

Robust disbursement pipeline in Infrastructure Finance

Strong liability profile enabling reduction in borrowing cost



Diversified Liability Mix



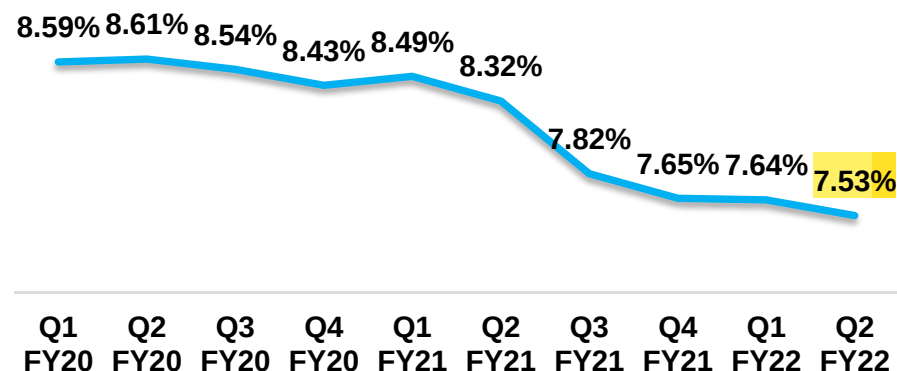
Q2FY21

Rs 92,926 Cr

Q2FY22

Rs 84,533 Cr

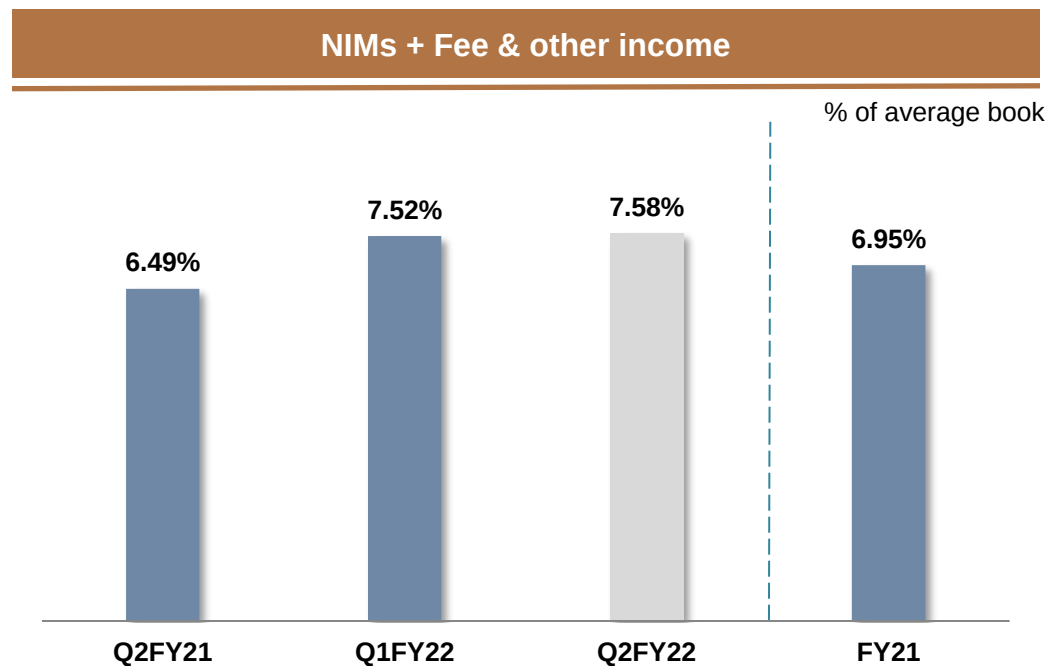
Weighted average cost of borrowing (WAC)



- Reduction in Quarterly WAC by 79 bps YoY and 11 bps QoQ; lowest ever WAC
 - Focus on raising low cost long-term borrowing through NCD (private placement) and PSL. Raised 88% of borrowing through this route since Q1FY21
 - Raised Rs. 5,030 Cr of long-term borrowing in Q2FY22 at a WAC of sub 6%
- Maintained Rs 13,122 Cr (as of Sep'21) of liquid funds in the form of cash, FDs and other liquid investment

Demonstrated astute liability management to diversify source of funding at lower cost of borrowing

NIMs + Fee & other income



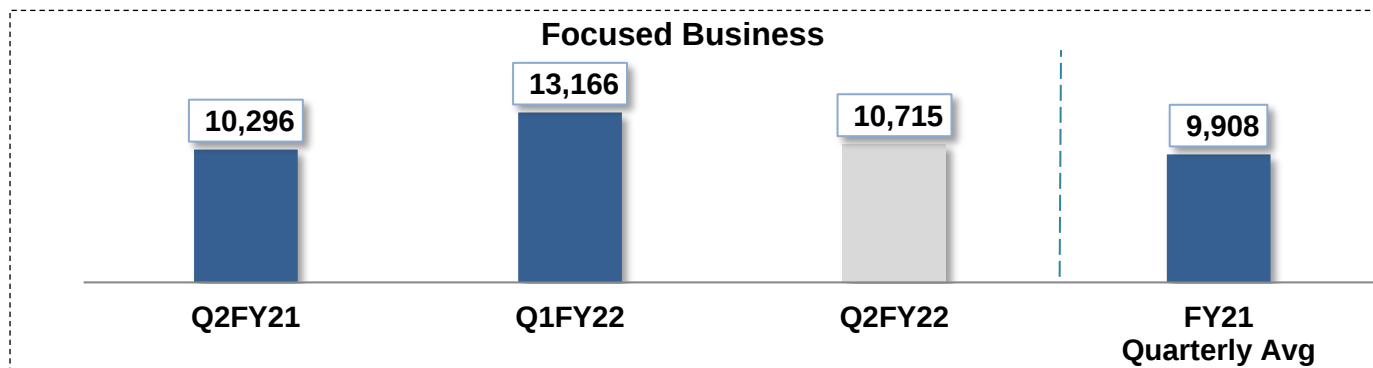
- Higher NIMs achieved YoY through higher retailisation (47% in Q2FY22 vs 41% in Q2FY21), reduction in cost of borrowing and maintaining lower average liquidity
- Despite the book degrowth of 12% YoY, NIMs + Fee is higher YoY (both in absolute amount and as a % of book)
- Increase in Fee income on account of higher disbursement QoQ

Collections have normalised across the businesses

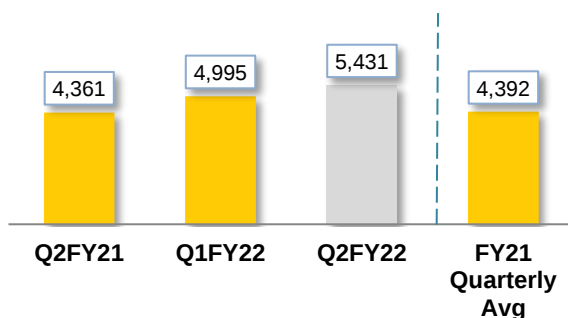


All figures are in Rs Cr

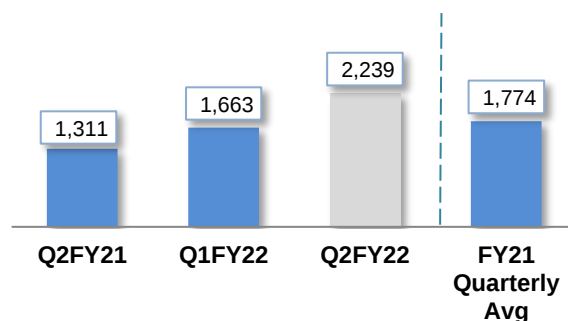
Focused Business



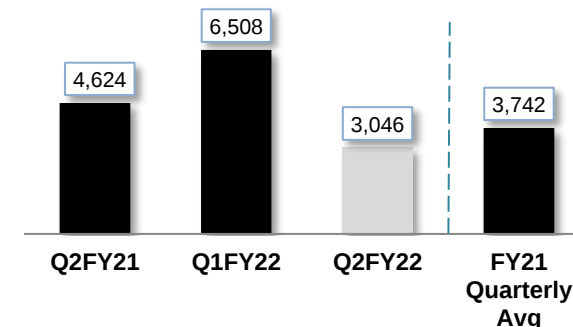
Rural Finance



Housing Finance



Infrastructure Finance



- **Retail:** Regular collection efficiency has normalised across the products; collections in line with Q3FY21 & Q4FY21
- **Real Estate:** Escrow collections have normalised to Q3FY21 and Q4FY21 levels
- **Infra:** Project level collections have normalised; concerted efforts on retaining assets on book by containing the prepayments and sell down

Collections have normalised across businesses; maintaining the assets on Infra book through contained prepayments and sell down

Strengthened Balance Sheet

Provisions on Non GS3 book



Particulars (Rs. Cr)	Total Lending Business
Loan book size (excluding GS3 book) - (1)	78,755
Provision on stage 1 and stage 2 assets as per ECL model - (2)	444
Additional provisions & OTR provisions - (3)	1,747
Additional provisions & OTR provisions as % of standard assets – (3/1)	2.22%
Total provisions on standard assets (over and above GS3 provisions) – (2+3=4)	2,190
Total provisions as % of standard assets (over and above GS3 provisions) - (4/1)	2.78%

Micro Loan book – Carrying additional provisions and OTR provisions of Rs. 1,212 Cr (11.5% of standard Micro Loans book); over and above ECL on GS3 assets and normal ECL on standard assets

These provisions are adequate to account for additional risk on account of Covid 2.0

Update on OTR

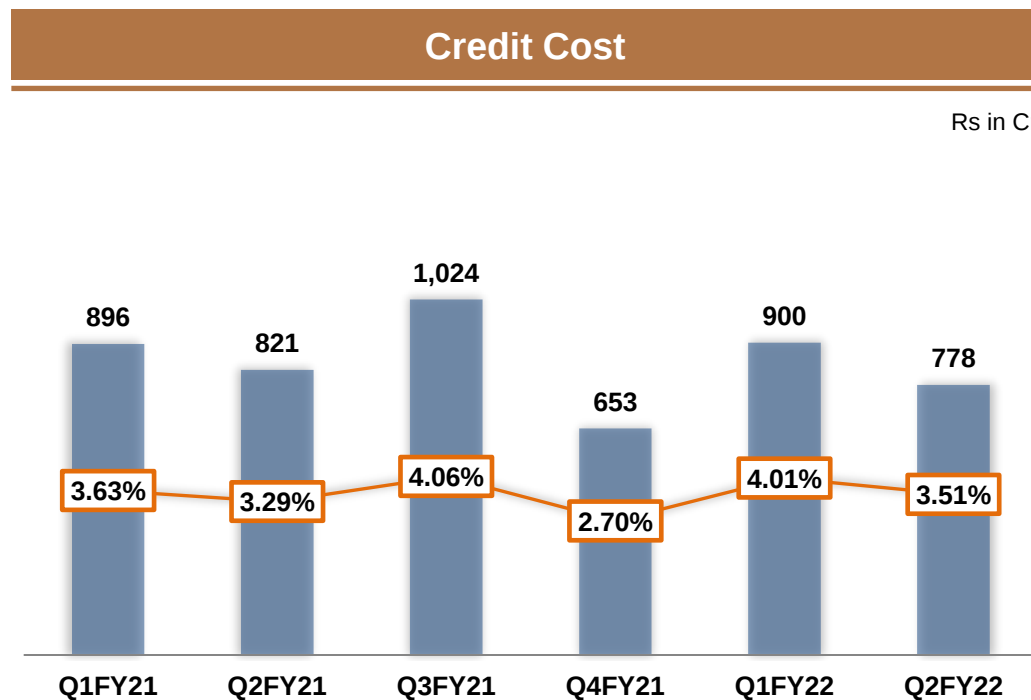


One time restructuring (OTR) under resolution framework for Covid-19 related stress by RBI

Particulars	OTR 1.0	OTR 2.0	Total
Restructured under OTR (amount, Rs Cr)	1,208	1,806	3,014
Restructured under OTR (% of loan book)	1.4%	2.1%	3.5%

Repayment of one Infra asset under OTR 1.0, of ~Rs 150 Cr; OTR 1.0 book reduced from Rs 1,350 to Rs 1,208 Cr

Credit Cost



Carrying additional provisions and OTR provisions; adequate to account for additional risk on account of Covid 2.0

LTFH Consolidated – Summary financial performance

Performance Summary				
Q2FY21	Summary P&L (Rs. Cr)	Q1FY22	Q2FY22	Y-o-Y (%)
3,206	Interest Income	2,925	2,823	(12%)
1,894	Interest Expense	1,508	1,444	(24%)
1,311	NIM	1,416	1,379	5%
309	Fee & Other Income	270	304	(2%)
1,620	NIM + Fee & other income	1,686	1,682	4%
453	Operating Expense	548	584	29%
1,167	Earnings before credit cost	1,138	1,098	(6%)
821	Credit cost	900	778	(5%)
346	PBT	239	320	(7%)
288	PAT before exceptional items	178	224	(22%)
23	Less: Exceptional items	-	-	-
265	PAT	178	224	(15%)
Q2FY21	Particulars (Rs. Cr)	Q1FY22	Q2FY22	Y-o-Y(%)
98,823	Book	88,440	86,936	(12%)
15,155	Networth	18,993	19,214	27%
76	Book Value per share (Rs.)	77	78	3%

LTFH Consolidated – Key ratios

Key Ratios			
Q2FY21	Key Ratios	Q1FY22	Q2FY22
12.84%	Yield	13.03%	12.73%
5.25%	Net Interest Margin	6.31%	6.22%
1.24%	Fee & Other Income	1.20%	1.37%
6.49%	NIM + Fee & other income	7.52%	7.58%
1.81%	Operating Expenses	2.44%	2.63%
4.67%	Earnings before credit cost	5.07%	4.95%
3.29%	Credit cost	4.01%	3.51%
1.04%	Return on Assets	0.68%	0.87%
6.13	Debt / Equity	4.44	4.40
7.58%	Return on Equity	3.76%	4.69%

Particulars	Tier I	Tier II	CRAR
Consolidated CRAR ratio	20.06%	5.10%	25.16%

LTFH Consolidated – Capital allocation and RoE bridge: Q2FY22

PAT	Q2FY21		Business Segments (₹ Cr)	Q2FY22			PAT Y-o-Y (%)
	Net Worth	RoE		PAT	Net Worth	RoE	
61	4,567	5.20%	Rural Finance	151	5,572	11.12%	148%
108	4,400	9.89%	Housing Finance	(20)	4,919	(1.61%)	(118%)
86	6,475	5.34%	Infrastructure Finance	72	6,249	4.60%	(16%)
255	15,442	6.58%	Lending Business	203	16,740	4.88%	(20%)
54	1,157	-	Investment Management	50	1,338	-	(6%)
309	16,599	7.42%	Focused Business Total	253	18,078	5.64%	(18%)
15	826	-	De-focused	(9)	513	-	-
(36)	(2,247)	-	Others	(20)	623	-	-
288	15,178	7.58%	LTFH Consol before exceptional items	224	19,214	4.69%	(22%)
(23)	(23)	-	Less : Exceptional items	-	-	-	-
265	15,155	6.97%	LTFH Consol	224	19,214	4.69%	(15%)

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Conclusion and Way Forward

Sustainable business model



Proven business strengths



Strong collections framework



Well established liability franchise



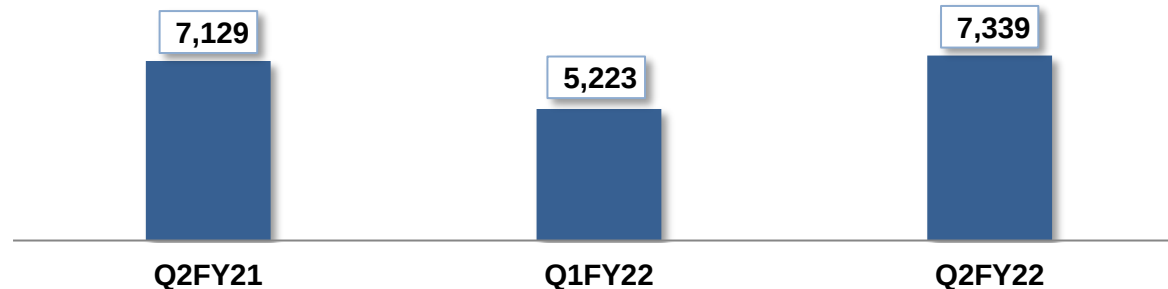
Strengthened balance sheet

1.1 Disbursements

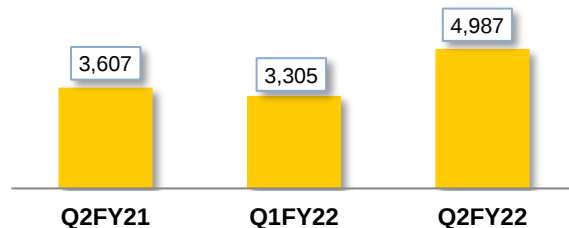


Focused Business

All figures are in Rs Cr

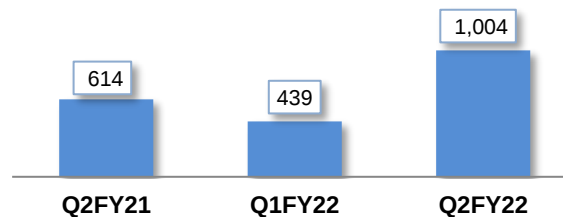


Rural Finance



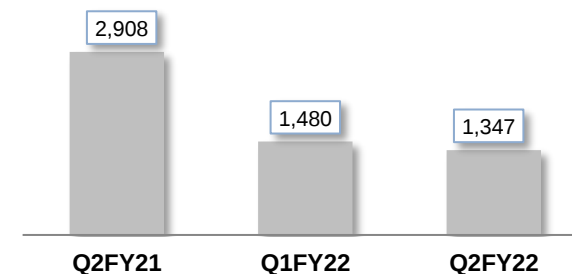
- Farm: Maintained market share by focusing on counter share with select dealers
- 2W: Extensive use of analytics to increase counter share with top dealers
- Micro Loans: Sharp growth in disbursements m-o-m with Sep'21 returning to normalcy
- Consumer Loans: Continues strong traction; rapid scale-up in the disbursements

Housing Finance



- HL / LAP: Continued focus on salaried segment, working on getting the market offerings in place for the SENP
- Real Estate: Continued to focus on tranche disbursements; and new sanctions to select top developers

Infrastructure Finance



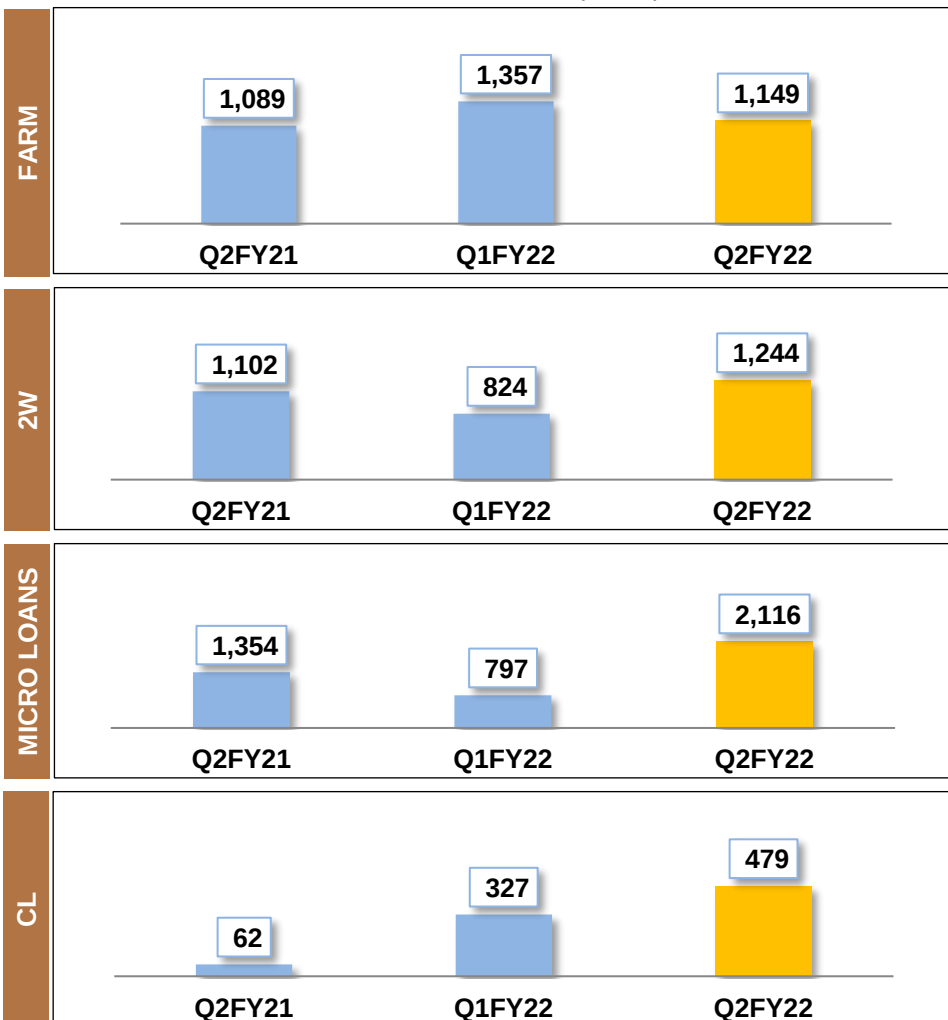
- Continue to leverage strengths in focus sectors of renewable, road and transmission
- Delay in signing of PPAs and lesser awards by the government leading to fewer market opportunities
- Robust disbursement pipeline in place; Government's thrust on investment and infrastructure spending to drive business volumes going forward

1.2.1 Strong pick-up in Rural disbursements

Rural



Disbursements (Rs Cr)



- Industry de-grew by 11% YoY, LTFS' disbursements up 5% YoY
- Highest ever Q2 disbursement; maintained market share QoQ; continued focus on refinance with contribution of ~28% to total disbursements
- Maintained LTV within 70% range with tightened credit norms

- Industry de-grew by 12% YoY, LTFS' disbursements up 13% YoY
- Highest ever Q2 disbursement; maintained market share QoQ
- Financed more than 400 EV's; undertaking end-to-end integration of financing platforms with newer players
- LTV maintained at ~70% level to facilitate tightened credit norms

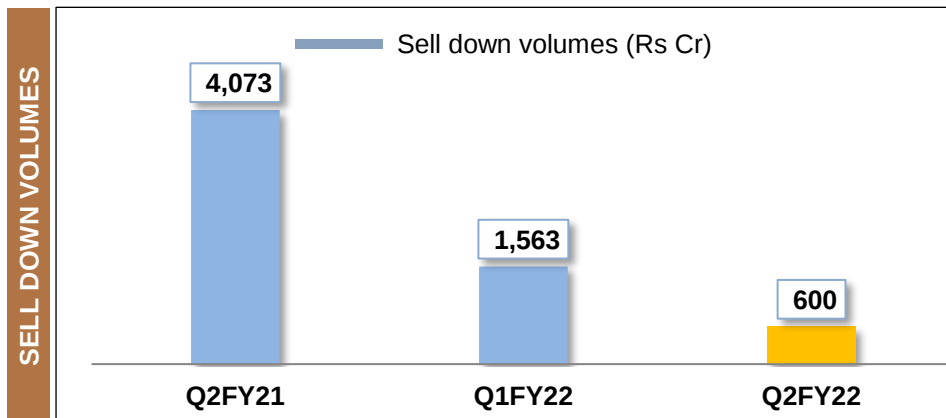
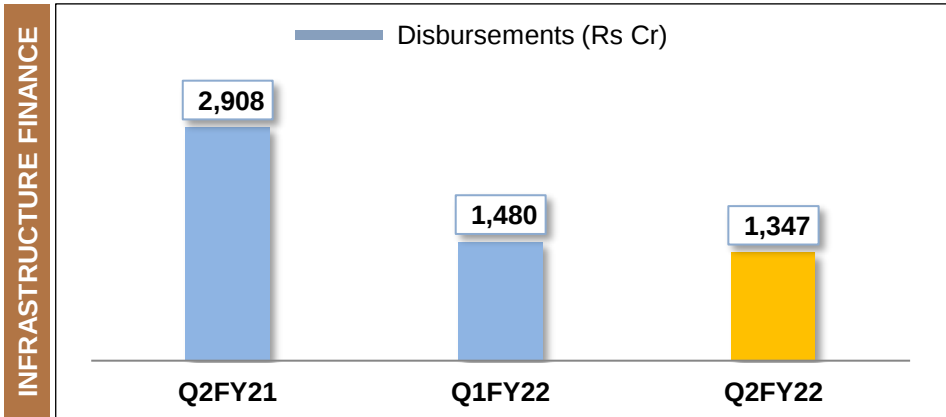
- Sharp growth seen m-o-m with Sep'21 disbursements (~Rs 900 Cr) returning to normalcy
- Focus on repeat customers and geographies with improved CE
- In line with geographic diversification strategy, expanded business in Rajasthan, Punjab and Haryana

- Focus on leveraging end-to-end digital service proposition and analytics led sourcing to scale up with a quality book
- Continued disbursement momentum; to focus on non-captive market through responsible end-use consumption products

Took advantage of recovery in Rural by maintaining market share in Farm and 2W (highest Q2 disbursements); strong traction seen in our 1st “digital native” Consumer loans product

1.2.2 Disbursements primarily towards focus sectors

Infrastructure



- **Disbursements:** Continued to focus on refinancing of operational renewable projects and funding of greenfield projects
 - Delay in signing of PPAs and lesser awards by the government leading to fewer market opportunities
- **Underwriting:** Stringent risk guardrails with focus on:
 - Projects with strong sponsors and off-takers with proven track record
 - Re-financing of operational renewable assets
 - Opportunities in greenfield HAM projects
- **Monitoring:** Greater emphasis on project monitoring through continuous engagement with contractors and developers
- **Sell-down:** Consciously slowed sell-down volumes to arrest book de-growth till disbursements normalise

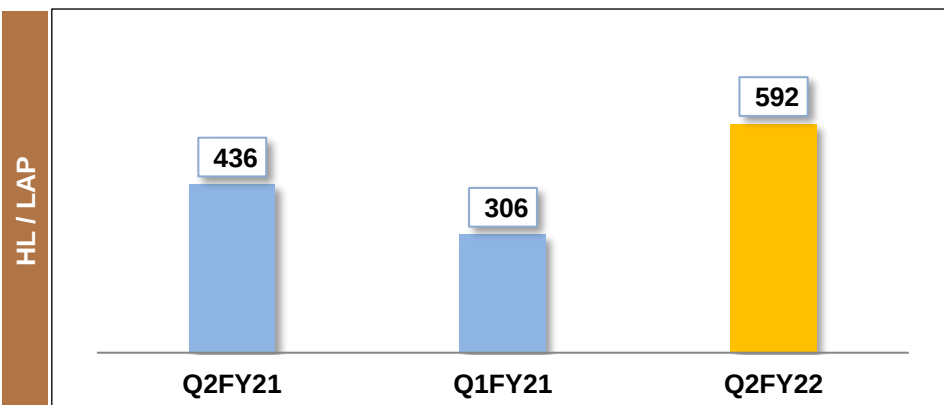
Continue to be one of the leading player in Infrastructure business; robust pipeline along with the government's thrust on investment and infrastructure spending to drive business volumes going forward

1.2.3 Gradual pickup in Housing

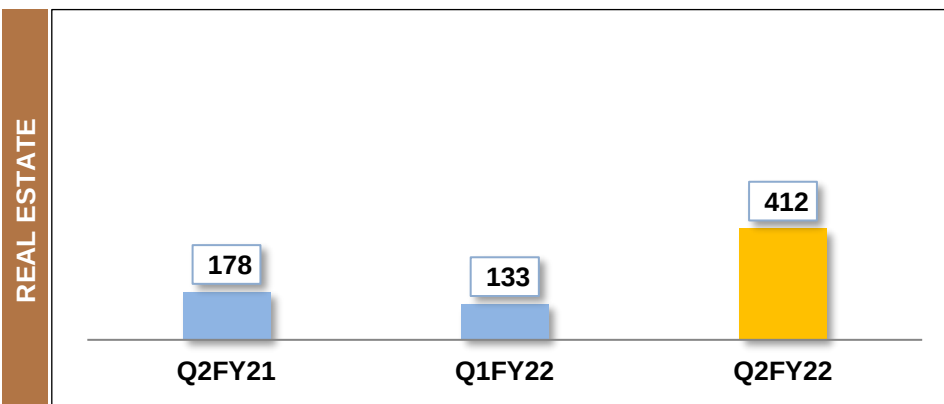
Housing



Disbursements (Rs. Cr)



- Focus on salaried profile in HL; ~93% share in Q2FY22 disbursals
- Getting the market offerings in place for SENP
- Salaried home loan book has grown 10% YoY and 7% QoQ



- Continued focus on tranche disbursements with priority towards projects at an advanced stage of construction
- Disbursements in new proposals undertaken only for pre-approved top developers
- Continued support to existing projects to ensure construction is not hampered

Gradual uptick in sales expected to continue aided by festive season and low interest rates

1.2.4 Strong growth in AUM

Mutual Fund



Assets under Management (Rs Cr)						
Fund Type	Quarter ended Sep, 2020		Quarter ended Jun, 2021		Quarter ended Sep, 2021	
	AUM ¹	Avg. AUM ²	AUM ¹	Avg. AUM ²	AUM ¹	Avg. AUM ²
Pure Equity	27,867	27,427	32,344	30,986	34,304	33,356
Hybrid	7,744	7,674	12,332	11,504	13,232	13,226
Fixed Income	20,187	19,358	24,519	24,908	25,635	24,886
Liquid	7,991	8,542	7,256	8,038	7,043	6,696
Others	58	56	102	93	118	110
Total	63,848	63,057	76,552	75,531	80,331	78,274

- Overall AUM has increased 26% YoY on account of higher inflows in Hybrid category and Fixed Income category and higher market movement in Equity and Hybrid category
- AUM for Pure Equity and Hybrid has grown by 6% and 7% respectively on QoQ basis
- Pure Equity + Hybrid mix of 59% for LTFS vs 47% for the industry
- Overall AAUM rank remained the same at 12th

¹ As on the last day of the Quarter

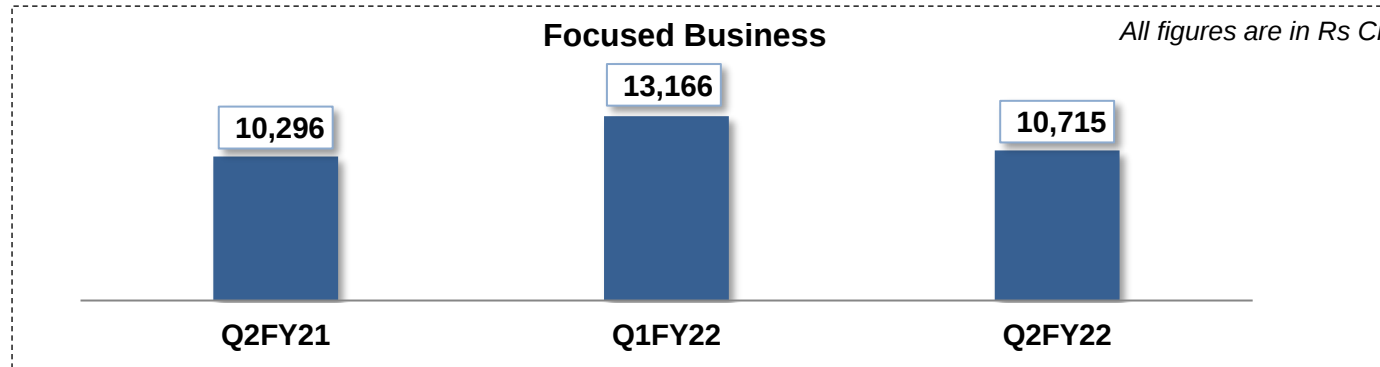
² Average AUM for the Quarter

2.1 Collections

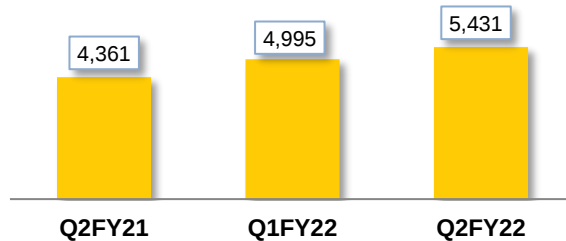


Focused Business

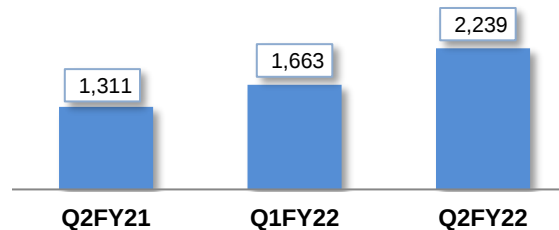
All figures are in Rs Cr



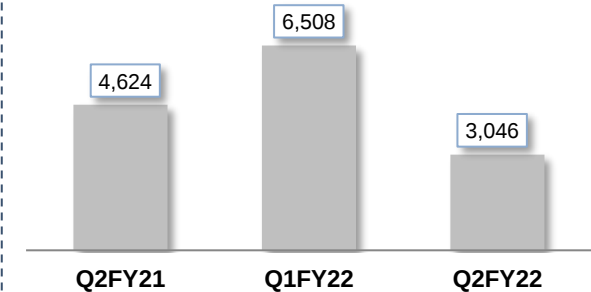
Rural Finance



Housing Finance



Infrastructure Finance



- Marked improvement in collections across the businesses owing to concerted field efforts and gradual unlocking of economy
 - Data driven resource allocation technique to ensure continuation of better than industry collection efficiency
 - Focus to boost 0 DPD collections and manage early bucket delinquencies
- Infra: Prepayments / Sell Down volumes remained relatively subdued owing to focus on retaining assets on LTFS book

Concerted efforts, analytics led prioritisation and resource allocation leading to increased collection volumes in retail

2.2.1 Normalised collections across businesses

Retail



Farm

- Concerted efforts to stabilize regular CEs at 89%, well above industry performance
- Data driven resource allocation to ensure continuation of better than industry collection efficiency

2W

- Regular CE has normalised at 98% in Sep; bounce rates have reduced owing to concentrated call centre / PDM efforts
- Effective use of propensity model to improve collections at higher buckets also

Micro Loans

- In addition to regular CE returning back to pre-covid levels (~99%), higher bucket resolutions have improved
- Focus to boost 0 DPD collections and manage early bucket delinquencies

Consumer Loans

- Ease of restrictions enabled higher field team activity resulted in regular CE reaching to pre-Covid levels
- Augmented usage of call-centers during lockdown resulting in increased customer retention

HL / LAP

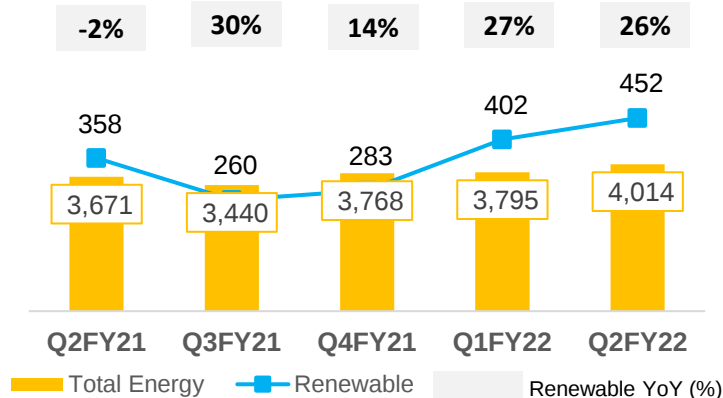
- Improvement in regular CE across geographies (including higher bucket resolutions)
- Analytics led prioritisation and better resource allocation resulted in increased collection volumes

2.2.2 Continued steady performance

Infrastructure



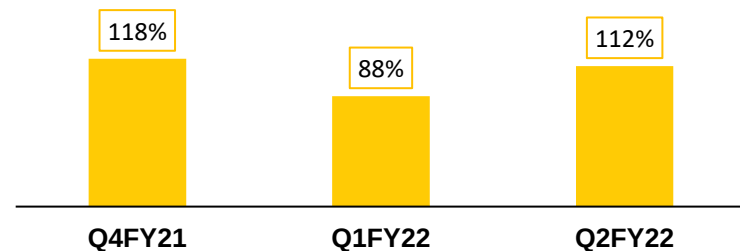
Industry - Avg. Daily Power Generation* (MU/day)



Renewables

- Robust performance of renewables continue to drive growth
- “Must Run” status for operational projects and increased capacity has led to Renewable generation outperforming over the years
- Renewable capacity of ~79 GW is expected to be added over the next 5 years, largely driven by solar additions

LTFS portfolio Daily Toll Collections (% level of Q4FY20)



Road

- Annuity projects are receiving timely payments from NHAI
- Localised lockdowns had impacted toll collections in Q1FY22. With easing of lockdown in Q2FY22, toll collections have rebounded and exceeded pre covid levels

Transmission: Operating Projects are operating at full capacity and there is no impact on revenue generation and collection

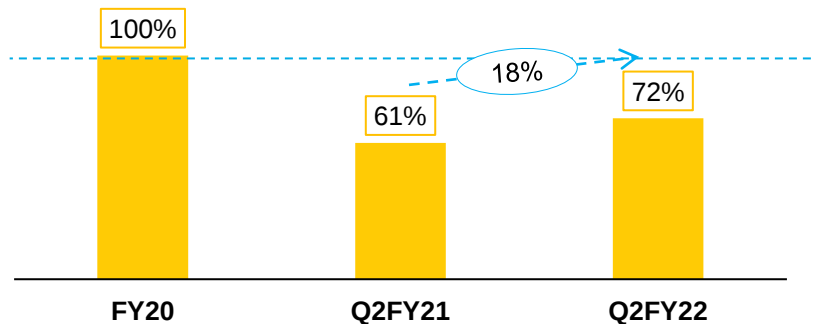
2.2.3 Steady improvement in collections

Real Estate



LTFS Real Estate portfolio sales

% of FY20 quarterly avg

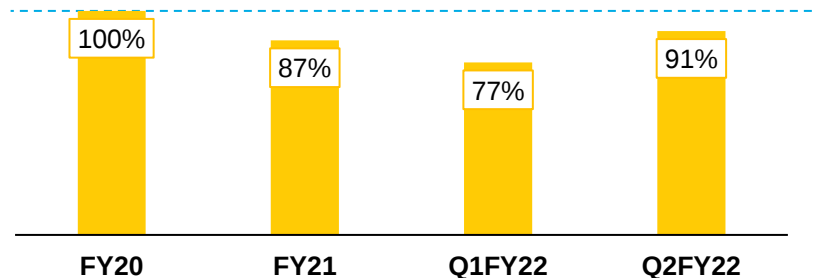


- Focus on Cat A developers, construction activity, Govt. measures and attractive schemes given by developers, has helped our funded projects to achieve higher sales
- Absorption as well as new supply in Q2FY22 have improved compared to Q1FY22
- Buyer preference continued to be towards projects by reputed developers and/or with visible construction progress

LTFS Real Estate escrow collections (% of pre-Covid levels)

% of FY20 quarterly avg

Pre-Covid collections



- Continued support to developers in construction progress and improvement in sales have facilitated in escrow collections surpassing YoY levels in Q2FY22
- Principal repayment / pre-payment in Q2FY22 was 23% higher than quarterly average of last year
- In Q2FY22, affordable and mid segment projects comprise ~86% of residential book as against 82% in Q2FY21

Continued focus on project completion and rigorous monitoring

3.1 Strong liability franchise



Incremental Long Term Borrowing (Rs Cr)					
Products Period	NCD – Pvt. Placement	Term Loans - PSL	Term Loans – Non PSL	ECBs	Total
Q1FY21	2,500	50	1,000	-	3,550
Q2FY21	4,232	50	-	378	4,660
Q3FY21	2,780	1,100	-	368	4,248
Q4FY21	825	2,325	20	-	3,170
Q1FY22	1,500	650	-	-	2,150
Q2FY22	1,885	2,195	950	-	5,030
Total	13,722	6,370	1,970	746	22,808

- Focus on raising low cost long-term borrowing through NCD (private placement) and PSL. Raised 88% of borrowing through this route since Q1FY21
- Raised Rs. 5,030 Cr of low cost long-term borrowing in Q2FY22 at a WAC of sub 6%

Continued to raise low cost incremental long term borrowings through desired sources

3.2 AAA Credit Rating for LTFH and all its subsidiaries



Credit Ratings – LTFH and its subsidiaries

Ratings Update

- During FY22, LTFH and all its lending subsidiaries long-term ratings have been reaffirmed 'AAA' (Stable Outlook) by all 4 rating agencies:
 - CRISIL: Apr'21 – May'21
 - CARE: Sept'21
 - India Ratings: Apr'21
 - ICRA: Aug'21 – Sep'21
- ICRA revised the outlook on the long-term ratings of LTFH and L&T Finance Ltd, to '**Stable**' from '**Negative**'. The revision in outlook was on account of improved capitalisation and increased granularity in loan portfolio given the focus on retailisation

Key strengths highlighted by Rating Agencies

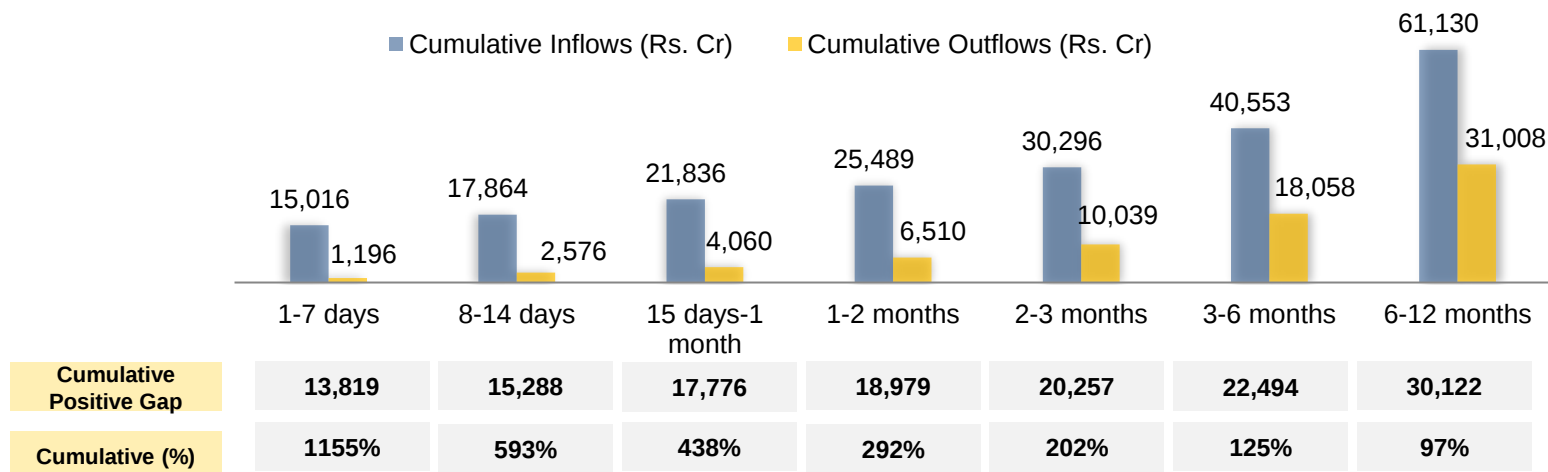
- Diversified business mix with strong presence across the financial services space
- Strategic importance and strong support to financial services business by the parent, Larsen and Toubro Ltd. (L&T: AAA)
- Strong resource raising ability and adequate capitalisation
- **Liquidity**: Rating Agencies have analysed LTFS cash flow / liquidity position and they have considered the liquidity position of LTFS as comfortable to meet all debt obligations over the next few months

3.3 Prudent ALM

As on 30th September, 2021



Structural Liquidity statement



- Continued disciplined approach of maintaining cumulative positive gaps up to 1 year both under normal and stress scenarios
- Strengthened the Liquidity Risk Management by defining Early Warning Signals as precursor to trigger Contingency Funding Plan
- Ensured compliance with Liquidity Coverage Ratio (LCR)

Interest Rate sensitivity statement

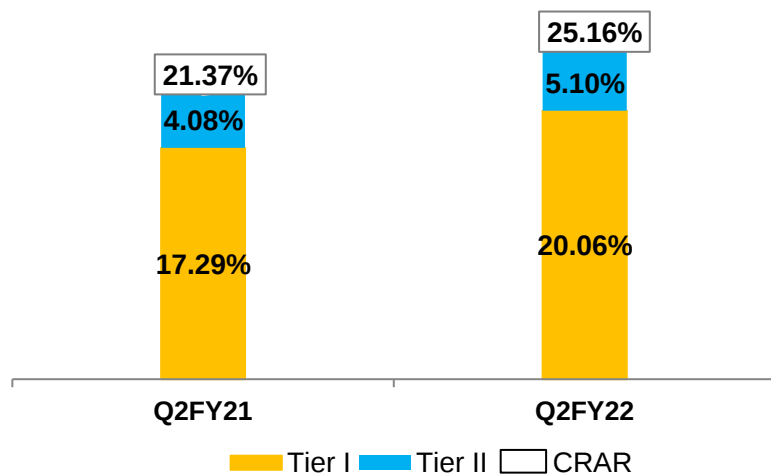
1 year Gap	Rs. Cr
Re-priceable assets	63,370
Re-priceable liabilities	42,697
Positive	20,673

Continue to maintain positive liquidity gaps

4.1 Strengthened balance sheet

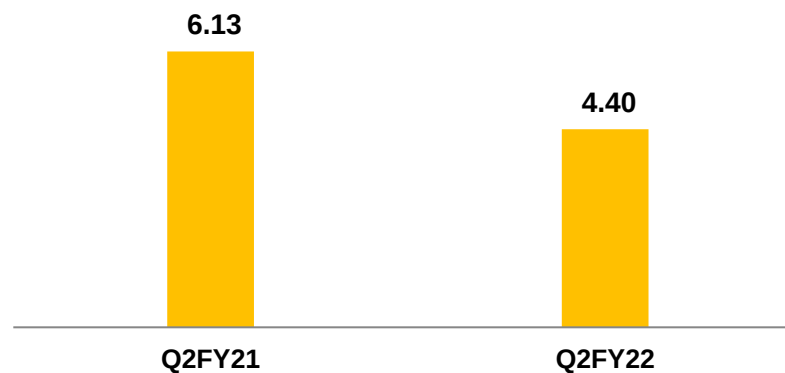


Capital Adequacy



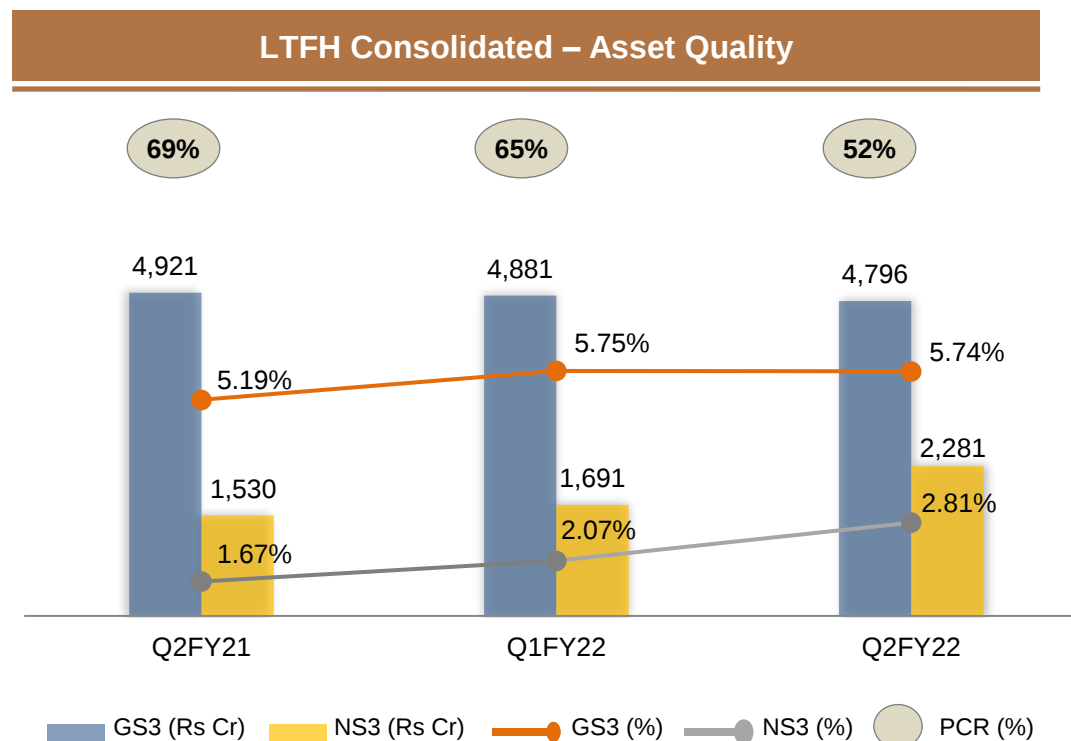
Strengthened Capital adequacy; Tier I ratio increased to 20.06% in Q2FY22

D/E Ratio



Reduced D/E ratio from 6.13 in Q2FY21 to 4.40 in Q2FY22. Well positioned for growth going forward

4.2 Asset quality



Carrying additional provisions and OTR provisions of Rs 1,747 Cr (2.22% of standard assets); over and above ECL on GS3 assets and normal ECL on standard assets

These provisions are adequate to account for additional risk on account of Covid 2.0

Agenda

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Q2 in Perspective

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What worked for LTFS

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ESG @ LTFS

E

Conclusion and Way Forward

LTFS ESG: Building a Collective Sustainable Future (1/2)

ESG Ratings



3rd Sustainability Report



Voluntary cross-linking of disclosures to SEBI BRSR requirements notified in May 2021

Conducted Climate Risk Assessment for Infra projects beyond a specified threshold and identified mitigation strategy

Access our Sustainability Report FY21 at www.ltfs.com

LTFS ESG: Building a Collective Sustainable Future (2/2)

Environment	Social	Governance
Committed to environmental stewardship by conducting businesses responsibly	Nurturing stakeholder relationships through transparent, ethical and equitable initiatives	Ensuring robust governance mechanism through accountability, compliance and oversight
Emissions avoided Helped avoid 7 Lakh+ tCO ₂ e emissions through renewable financing	Employee wellbeing ~97% employees (incl. family members) vaccinated through Company initiatives	ESG Leadership ESG Leadership Engagement Program for Board & Senior Management
Water Replenishment 51 Lakh+ KL of water replenished through CSR interventions as on end of Q2	Care for communities 6.96 Lakh+ community members reached through CSR interventions	ESG framework Institutionalized deployment of ESG framework across businesses
Energy efficiency Space optimization measures across operations leading to emission reduction	ESG training framework Training sessions on ESG for new joiners and teams (~261 person-hours)	Recognition by global indices - Certified by FTSE4Good indices for 2nd consecutive year - Maintenance of MSCI "A" rating for last 3 years
Responsible waste management Centralised E-waste management and certification	Employee care Employee Welfare Scheme providing financial support to families of employees in case of untimely death	Robust internal control systems Adoption of best practices and strong internal control systems

Agenda

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Conclusion and Way Forward

Conclusion



Built Sustainable Business Model



**Normalcy returned post pandemic;
impact of Covid 2.0 behind us**



**Well poised for growth post Covid
2.0**

Through FY21 & continuing into FY22, LTFS has demonstrated and further strengthened sustainability of business model through:



Proven business strengths



Strong collections framework



Strengthened balance sheet



Well established liability franchise

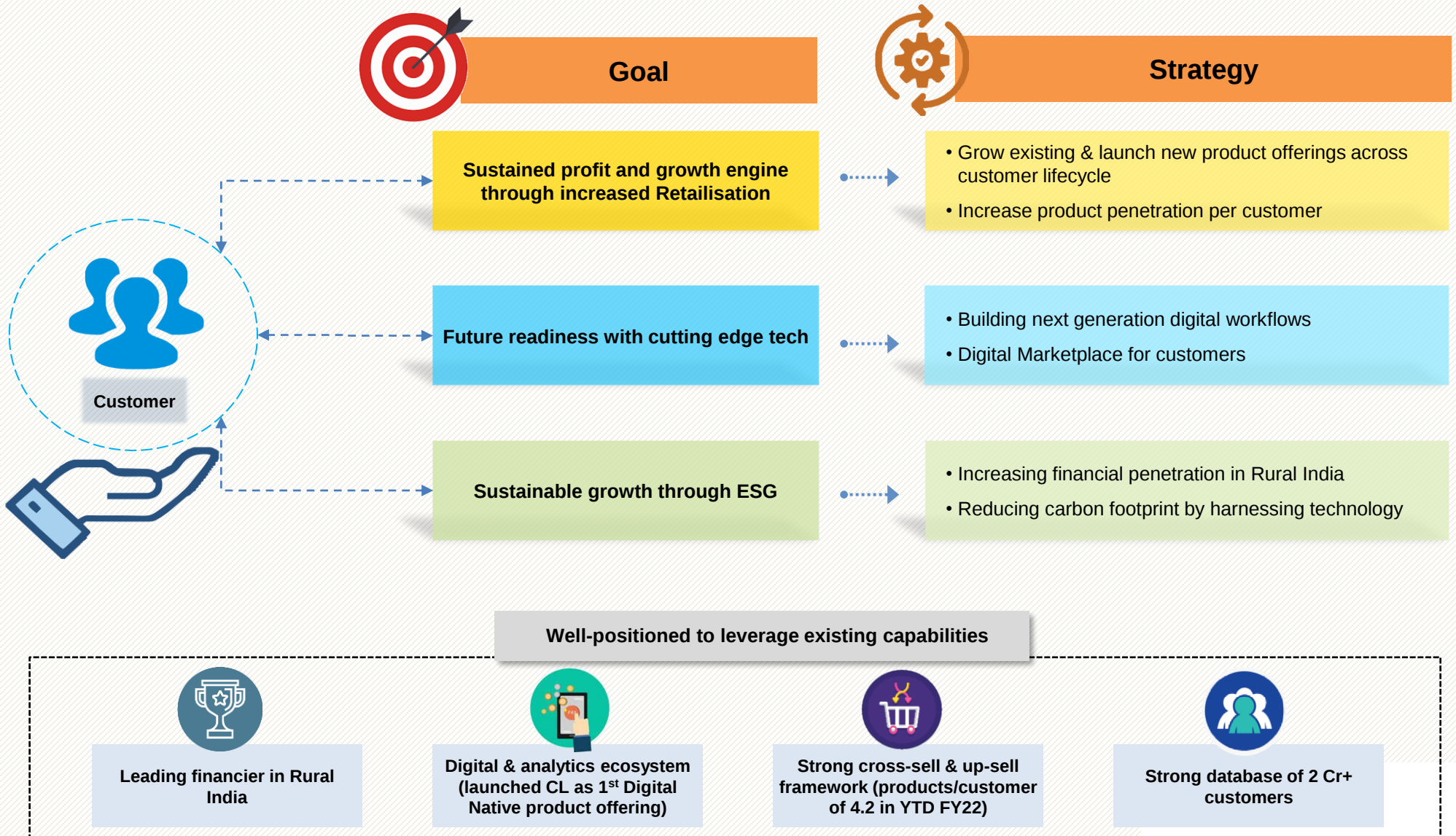


Improved asset quality and provisions

- Collections normalised across businesses
 - Retail businesses: Strong collections momentum in Q2FY21; in line with Q3FY21 and Q4FY21
 - Wholesale: Infra collections normalised; thrust on portfolio retention by containing prepayments / sell down. Real Estate escrow collections reached normalised level
- Strong business momentum with best ever Q2 disbursements in Rural, retailisation increased to 47%
- Carrying additional provisions & OTR provisions of Rs 1,747 Cr (2.22% of standard assets); over and above ECL on GS3 assets and normal ECL on standard assets. Covid 2.0 related risks adequately addressed through this
- Disbursement momentum expected to further pick-up on back of festive season and normalisation of Micro loan disbursements
- Suitably placed to deliver medium to long-term growth backed by:
 - Well-established liability franchise with AAA rating from 4 rating agencies
 - Strong Balance sheet with capital adequacy at 25.2% and D/E at 4.4x

Covid 2.0 is behind us with normalization in collections & disbursements and adequate provisions to address Covid 2.0 related risks
Demonstrated stable growth in Rural book during Covid, poised to increase further in coming quarters

Way forward - To be a leading retail-oriented financier





Appendix



L&T Financial Services

Lending Business – Business wise disbursement split

Disbursement				
Q2FY21	Segments (Rs. Cr)	Q1FY22	Q2FY22	Y-o-Y (%)
1,089	Farm Equipment	1,357	1,149	5%
1,102	TW Finance	824	1,244	13%
1,354	Micro Loans	797	2,116	56%
62	Consumer Loans	327	479	674%
3,607	Rural Finance	3,305	4,987	38%
323	Home Loans	288	587	82%
113	LAP	18	5	(96%)
178	Real Estate Finance	133	412	132%
614	Housing Finance	439	1,004	63%
2,908	Infrastructure Finance	1,480	1,347	(54%)
7,129	Focused Business	5,223	7,339	3%
-	De-focused	-	-	-
7,129	Total Disbursement	5,223	7,339	3%

Lending Business – Business wise book split

Book				
Q2FY21	Segments (Rs. Cr)	Q1FY22	Q2FY22	Y-o-Y (%)
9,191	Farm Equipment	10,682	11,081	21%
6,708	TW Finance	6,894	6,935	3%
12,262	Micro Loans	11,303	11,309	(8%)
210	Consumer Loans	780	1,173	459%
28,371	Rural Finance	29,659	30,497	7%
7,824	Home Loans	7,202	7,344	(6%)
3,911	LAP	3,236	3,093	(21%)
15,506	Real Estate Finance	12,372	12,248	(21%)
27,241	Housing Finance	22,809	22,685	(17%)
38,560	Infrastructure Finance	33,290	31,284	(19%)
94,172	Focused Business	85,758	84,466	(10%)
4,651	De-focused	2,682	2,470	(47%)
98,823	Total Book	88,440	86,936	(12%)

Rural Finance – Summary financial performance

Performance Summary				
Q2FY21	Summary P&L (Rs. Cr)	Q1FY22	Q2FY22	Y-o-Y (%)
1,291	Interest Income	1,390	1,322	2%
484	Interest Expense	436	417	(14%)
807	NIM	953	905	12%
118	Fee & Other Income	76	117	(2%)
926	NIM + Fee & other income	1,030	1,021	10%
294	Operating Expense	361	391	33%
631	Earnings before credit cost	668	630	0%
565	Credit cost	535	428	(24%)
66	PBT	133	203	208%
61	PAT	99	151	148%

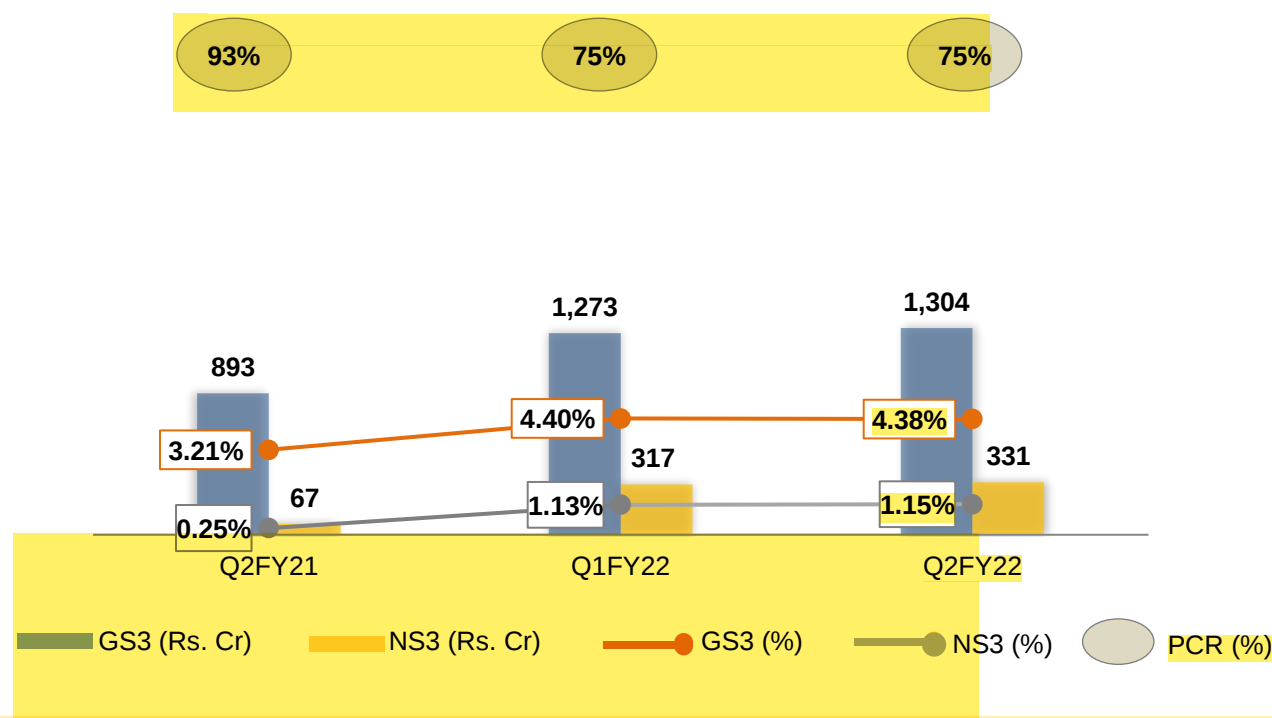
Q2FY21	Particulars (Rs. Cr)	Q1FY22	Q2FY22	Y-o-Y(%)
28,371	Book	29,659	30,497	7%
4,567	Networth	5,380	5,572	22%

Rural Finance – Key ratios

Key Ratios			
Q2FY21	Key Ratios	Q1FY22	Q2FY22
18.67%	Yield	18.55%	17.55%
11.57%	Net Interest Margin	12.72%	12.01%
1.70%	Fee & Other Income	1.02%	1.55%
13.27%	NIM + Fee & other income	13.74%	13.55%
4.22%	Operating Expenses	4.82%	5.19%
9.05%	Earnings before credit cost	8.92%	8.37%
8.10%	Credit cost	7.14%	5.68%
0.83%	Return on Assets	1.27%	1.95%
5.29	Debt / Equity	4.82	4.78
5.20%	Return on Equity	7.43%	11.12%

Rural Finance - Asset quality

Rural - Asset Quality



Carrying additional provisions & OTR provisions of Rs. 1,256 Cr (4.41% of standard assets); over and above ECL on GS3 assets and normal ECL on standard assets

Housing Finance – Summary financial performance

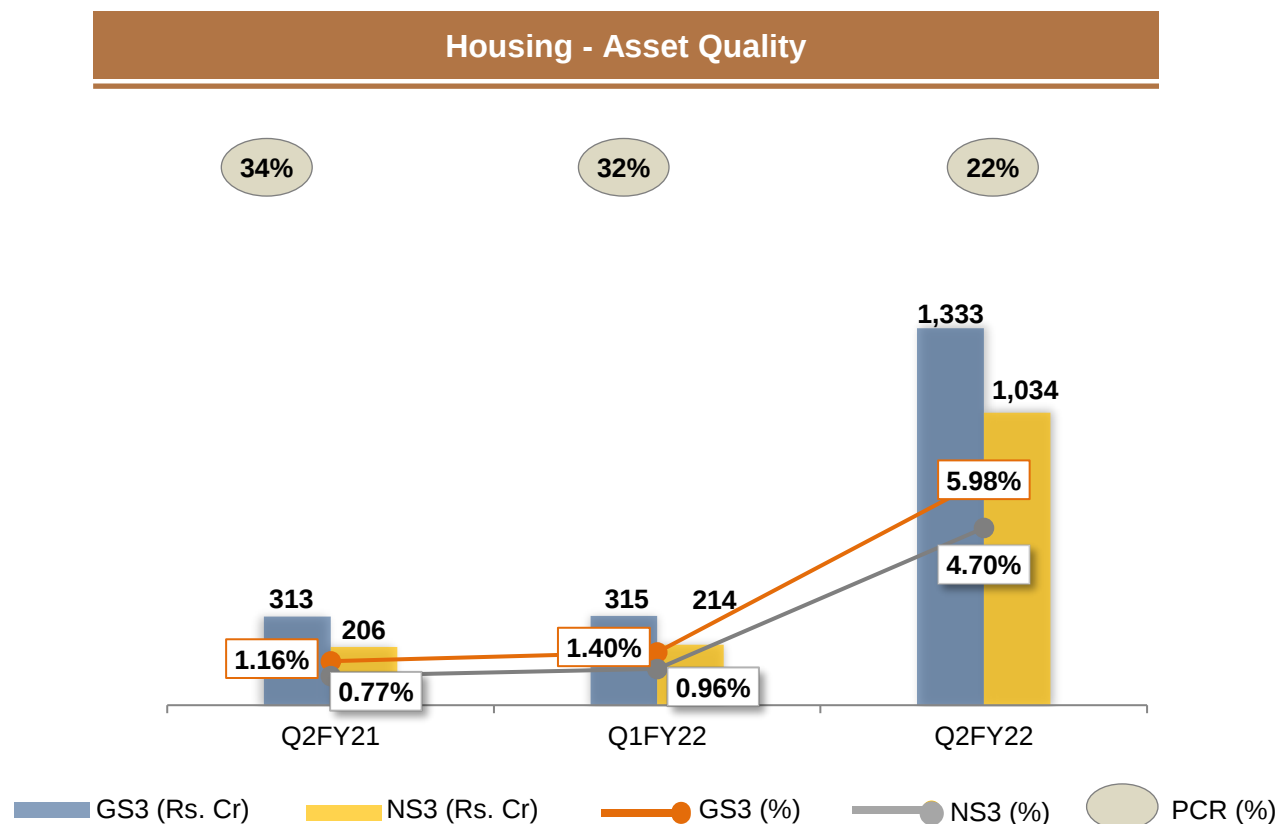
Performance Summary				
Q2FY21	Summary P&L (Rs. Cr)	Q1FY22	Q2FY22	Y-o-Y (%)
836	Interest Income	673	662	(21%)
536	Interest Expense	424	407	(24%)
300	NIM	249	255	(15%)
38	Fee & Other Income	26	18	(53%)
338	NIM + Fee & other income	275	272	(19%)
78	Operating Expense	101	99	27%
260	Earnings before credit cost	174	173	(33%)
131	Credit cost	136	200	53%
129	PBT	38	(27)	(121%)
108	PAT	28	(20)	(118%)

Q2FY21	Particulars (Rs. Cr)	Q1FY22	Q2FY22	Y-o-Y(%)
27,241	Book	22,809	22,685	(17%)
4,400	Networth	4,947	4,919	12%

Housing Finance – Key ratios

Key Ratios			
Q2FY21	Key Ratios	Q1FY22	Q2FY22
12.24%	Yield	11.65%	11.58%
4.40%	Net Interest Margin	4.30%	4.45%
0.55%	Fee & Other Income	0.46%	0.31%
4.95%	NIM + Fee & other income	4.76%	4.76%
1.14%	Operating Expenses	1.74%	1.74%
3.80%	Earnings before credit cost	3.01%	3.02%
1.91%	Credit cost	2.36%	3.49%
1.38%	Return on Assets	0.39%	(0.28%)
6.08	Debt / Equity	4.82	4.78
9.89%	Return on Equity	2.29%	(1.61%)

Housing Finance - Asset quality



Carrying additional provisions & OTR provisions of Rs. 384 Cr (1.83% of standard assets); over and above ECL on GS3 assets and normal ECL on standard assets

Infrastructure Finance – Summary financial performance

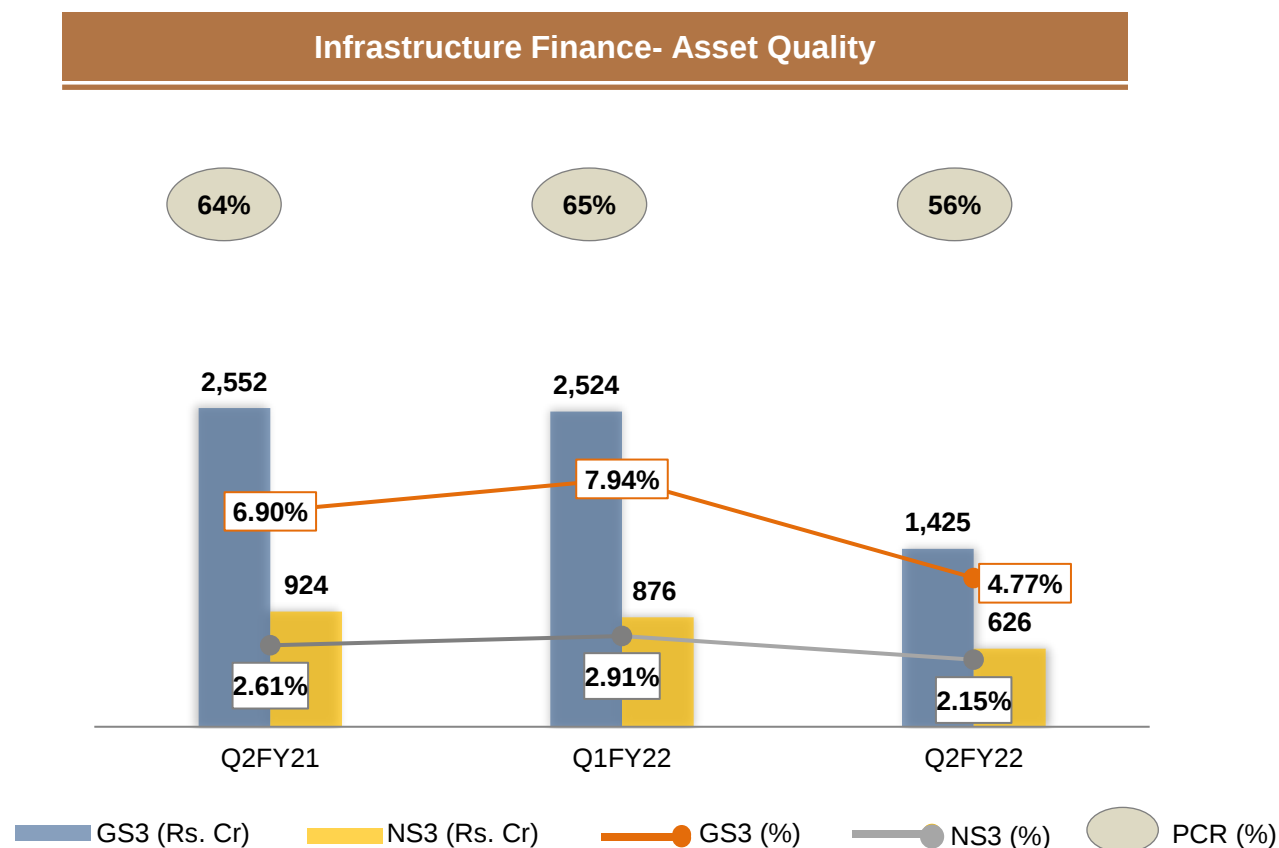
Performance Summary					
Q2FY21	Summary P&L (Rs. Cr)	Q1FY22	Q2FY22	Y-o-Y (%)	
974	Interest Income	805	787	(19%)	
759	Interest Expense	589	563	(26%)	
216	NIM	216	223	4%	
59	Fee & Other Income	68	63	6%	
275	NIM + Fee & other income	284	286	4%	
46	Operating Expense	44	46	(1%)	
229	Earnings before credit cost	240	241	5%	
124	Credit cost	124	140	13%	
105	PBT	116	100	(4%)	
86	PAT	84	72	(16%)	

Q2FY21	Particulars (Rs. Cr)	Q1FY22	Q2FY22	Y-o-Y(%)	
38,560	Book	33,290	31,284	(19%)	
6,475	Networth	6,242	6,249	(3%)	

Infrastructure Finance – Key ratios

Key Ratios				
Q2FY21	Key Ratios	Q1FY22	Q2FY22	
9.83%	Yield	9.47%	9.52%	
2.18%	Net Interest Margin	2.55%	2.70%	
0.60%	Fee & Other Income	0.80%	0.76%	
2.78%	NIM + Fee & other income	3.34%	3.46%	
0.47%	Operating Expenses	0.52%	0.55%	
2.31%	Earnings before credit cost	2.82%	2.91%	
1.25%	Credit cost	1.46%	1.70%	
0.79%	Return on Assets	0.88%	0.76%	
5.55	Debt / Equity	5.08	5.06	
5.34%	Return on Equity	5.36%	4.60%	

Infrastructure Finance - Asset quality



Infrastructure Finance – Portfolio wise split

DISBURSEMENT

Sectors (Rs. Cr)	Q2FY21	Q1FY22	Q2FY22	Y-o-Y (%)
Renewable Power	2,421	1,264	1,015	(58%)
Roads	144	160	154	7%
Power Transmission	125	32	161	29%
Others ¹	219	24	17	(92%)
Total	2,908	1,480	1,347	(54%)

LOAN BOOK

Sectors (Rs. Cr)	Q2FY21	Q2FY21 (% of Total)	Q1FY22	Q1FY22 (% of Total)	Q2FY22	Q2FY22 (% of Total)	Y-o-Y (%)
Renewable Power	21,401	55%	18,048	54%	18,747	60%	(12%)
Roads	9,431	24%	9,799	29%	8,137	26%	(14%)
Power Transmission	1,600	4%	1,122	3%	949	3%	(41%)
Others ²	6,129	16%	4,321	13%	3,451	11%	(44%)
Total	38,560	100%	33,290	100%	31,284	100%	(19%)

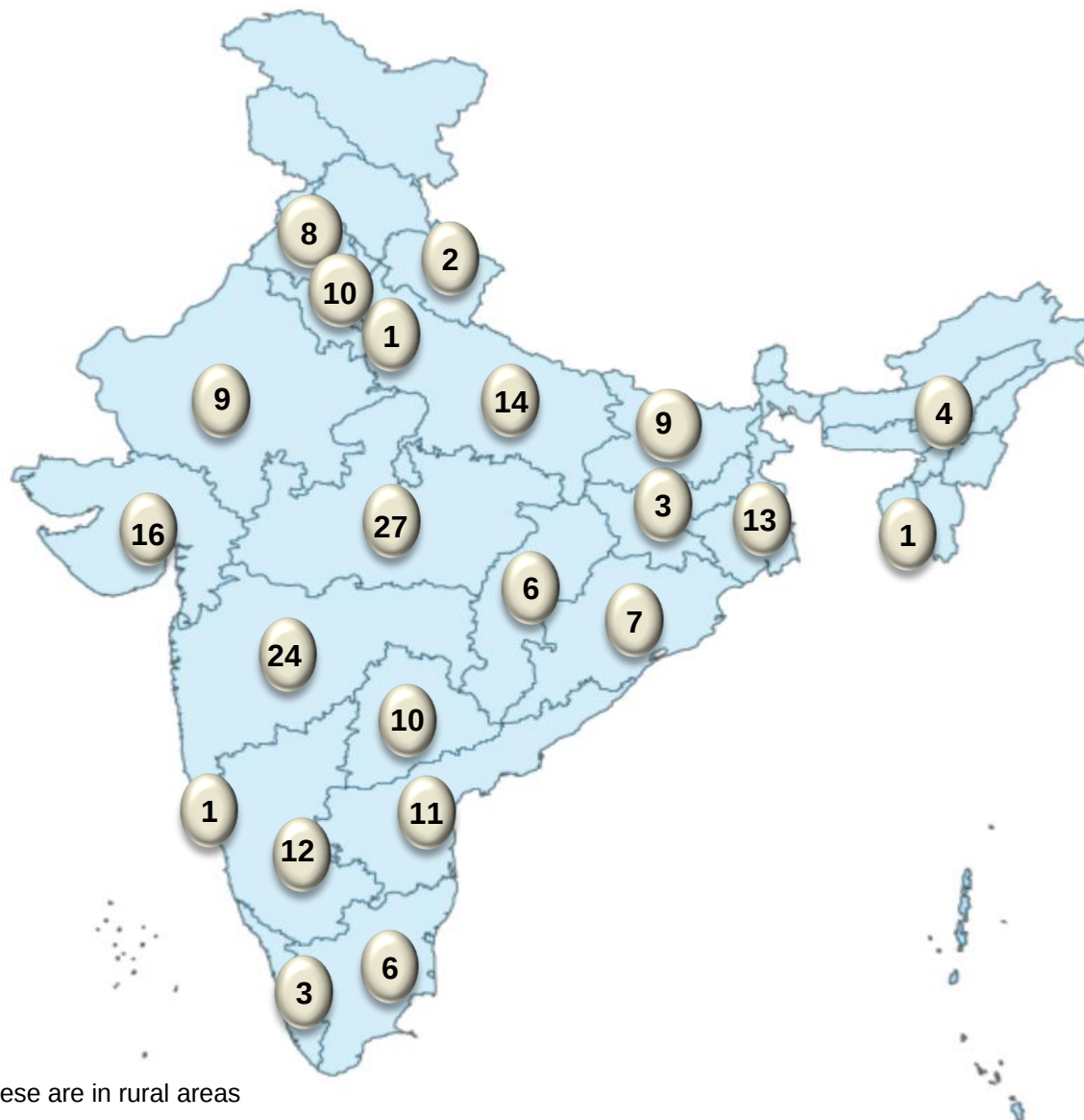
¹ Others includes cement, city gas distribution etc.

² Others includes infra project implementers, thermal power, healthcare, water treatment, city gas distribution etc.

Product profile and Geographies

BUSINESS		ATS on o/s book	ATS on qtrly disb	Avg Tenor on disb	Major Geographies
Rural	 Farm Equipment	Rs 2.9 Lakhs	Rs 3.9 Lakhs	43 months	MP, Telangana, UP, Karnataka, Bihar, AP, Maharashtra
	 Two Wheeler	Rs 41k	Rs 73k	26 months	WB, Maharashtra, Gujarat, Assam, TN, Karnataka, Delhi
	 Micro Loans (Joint Liability Group)	Rs 22k	Rs 46k	24 months	TN, Bihar, Karnataka, WB, Kerala
	 Consumer Loans	Rs 1.2 Lakhs	Rs 1.5 Lakhs	31 months	WB, Gujarat, Bihar, Delhi, Maharashtra, Karnataka
Housing	 Home Loan	Rs 39 Lakhs	Rs 68 Lakhs	21 years	Mumbai, Delhi, Bangalore, Pune, Hyderabad, Chennai & Surat
	Loan against Property	Rs 42 Lakhs	N.A.	N.A.	Bangalore, Pune, Mumbai, Delhi, Surat, Hyderabad

LTFS branch footprint



As of 30th September, 2021

No. of States & Union Territories	21 & 1
No. of branches	197
No. of Micro Loans meeting centers*	1,495
No. of employees	23,605

Corporate Social Responsibility

Directly linked to creating value

FOCUS: GENERATION OF SUSTAINABLE RURAL LIVELIHOODS

Digital Financial Inclusion – Flagship programme



- Trained **4,20,000+** community members on Digital Finance
- Digital Sakhis provided assistance for digital transactions, helped in availing of benefits of government entitlement schemes, etc. to **16,700 + community members** through the **Digital Seva Kendra**.
 - ✓ Sustainable and scalable income to Digital Sakhi through Digital Seva Kendra
- Going extra mile: Digital Sakhis, in addition to DFI training, conducted training for around **2,27,700 + beneficiaries** on importance of COVID – 19 vaccination
 - ✓ Created awareness and helped reduce hesitancy in getting vaccinated



True convergence with Government schemes!

During the lockdown (second wave), Digital Sakhis liaised with local MGNREGA officers to help villagers register with MGNREGA. This ensured 100 days of paid work resulting in a cumulative earning of more than Rs. 10.80 lakhs. *True convergence!*

Ensuring sustainable livelihood!

Training provided under the Digital Financial Inclusion initiative, helped two Digital Sakhis of Maharashtra secure jobs with reputed companies having international presence. This has resulted in five fold increase in their monthly income.



From awareness to adoption!

Going beyond just creating awareness on Government entitlements, our Digital Sakhis helped old women from Jamagaon village (Balangir District) to apply and avail the widow pension under Indira Gandhi National Widow Pension Scheme, thus making them financially independent.



Other Projects



Road Safety

- Created awareness on road safety amongst **5,400+ school children**
- Supported livelihood of **20 youths** through the Traffic Warden Scheme



Disaster Management

- Provided immediate relief to **5,500 families** affected by **floods** in Sangli & Kolhapur districts of Maharashtra

Board comprises majority of Independent Directors

Board of Directors



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

- Over 40 years of experience in audit, tax and consulting.
- He is also on the Board of Directors of several public and private companies



Dinanath Dubhashi, *Managing Director & CEO*

- Over 30 years of experience across multiple domains in BFSI such as Corporate Banking, Cash Management, Credit Ratings, Retail Lending and Rural Financing.



R. Shankar Raman, *Non-Executive Director*

- Current whole time director and Chief Financial Officer of L&T Limited
- Over 37 years of experience in finance, including audit and capital markets



P. V. Bhide, *Independent Director*

- Retired IAS officer of the Andhra Pradesh Cadre (1973 Batch)
- Former Revenue Secretary;
- Over 40 years of experience across various positions in the Ministry of Finance.
- He has also held various other key positions across departments.



Thomas Mathew T., *Independent Director*

- Former Managing Director of Life Insurance Corporation of India
- Over 40 years of experience in strategic leadership and operational experience in the Life Insurance Industry



Nishi Vasudeva, *Independent Director*

- Former Chairman and Managing Director of Hindustan Petroleum Corporation Ltd
- Over 39 years of experience in Petroleum industry



Dr. Rajani Gupte, *Independent Director*

- Current Vice Chancellor of Symbiosis International University, Pune
- Over 40 years of experience in teaching and research at prestigious institutes



Pavninder Singh, *Nominee Director*

- Managing Director with Bain Capital- Mumbai
- Earlier with Medrishi.com as Co-CEO and Consultant at Oliver Wyman
- Over 23 years of experience.



Prabhakar B., *Non-Executive Director*

- Former Chairman and Managing Director of Andhra Bank
- Over 38 years of experience in the banking industry

Management Team



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



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



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



Raju Dodti
CE – Wholesale Finance
23 yrs exp, IDFC, Rabo, ABN
Amro, Soc Gen



Shiva Rajaraman
Wholetime Director – L&T Infra Credit
Limited
25 yrs exp, IDFC, Dresdner Kleinwort
Benson



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



Tushar Patankar
Group Chief Risk Officer
27 yrs exp, Bajaj Finserv, ABN Amro,
HSBC, ANZ, IDFC Bank, ICICI Bank



Santosh Parab
General Counsel
29 yrs exp, IDBI, IDFC, Altico



Abhishek Sharma
Chief Digital Officer
17 yrs exp, Indian Army



Apurva Rathod
Group Head - Secretarial & CSR and
Sustainability
20 yrs exp, Fidelity AMC, Kotak
Mahindra AMC

Deliver sustainable RoE



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