

October 26, 2017

**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,  
1<sup>st</sup> 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 16, 2017 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](http://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

# TRANSFORM FOCUS DELIVER



*Redefined*

Strategy Update & Results – Q2 FY18



***L&T Financial Services***

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# LTFH 2.0

## *Our Commitment*

### TO BE A COMPANY WHICH:

- ✈ **Sustainably delivers top quartile RoE of at least 18% by 2020 or earlier**
- ✈ **Has a clear Right to Win in each of the businesses**
- ✈ **Grows Fearlessly with a strong balance sheet and robust systems**
- ✈ **Uses Data Intelligence as a key to unlocking RoE**
- ✈ **Has a culture of “Results” not “Reasons”**

# Our Delivery

G  
R  
O  
W  
T  
H

Disbursement\*

Rs. 20,239 Cr

81%

Rs. 11,153 Cr

Focused Book

Rs. 70,343 Cr

23%

Rs. 57,081 Cr

Total Income

Rs. 1,236 Cr

29%

Rs. 959 Cr

Consolidated PAT

Rs. 360 Cr

45%

Rs. 248 Cr

Q2FY17

Q2FY18

WITH

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## RoE Trajectory

Highest ever RoE  
since listing in  
Aug. 2011

FY18

13.63%

Q1

15.15%

Q2

FY17

9.78%

Q1

11.72%

Q2

12.81%

Q3

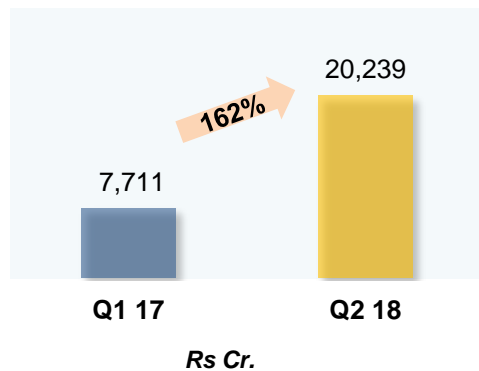
14.70%

Q4

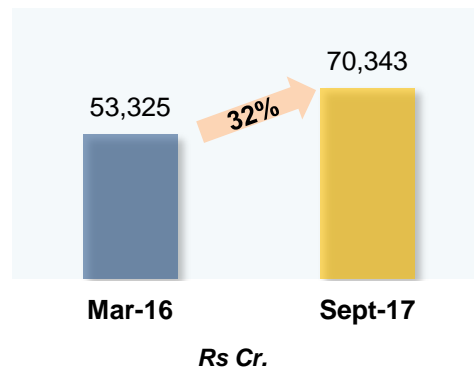
\* Excludes IPO Financing

# Profitability indicators over six quarters

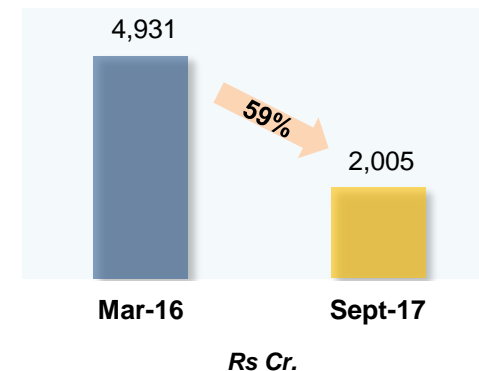
Disbursement\*



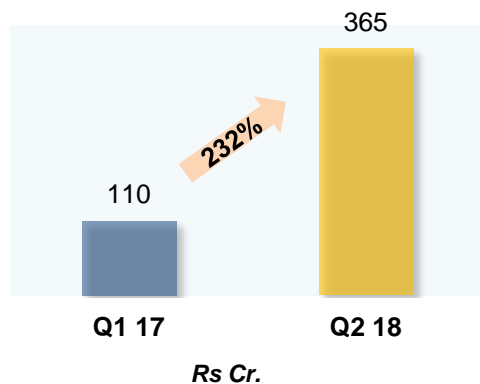
Focused Book



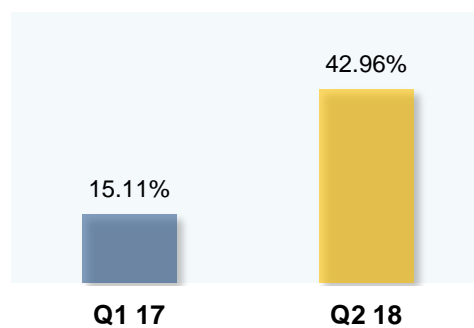
Defocused Book



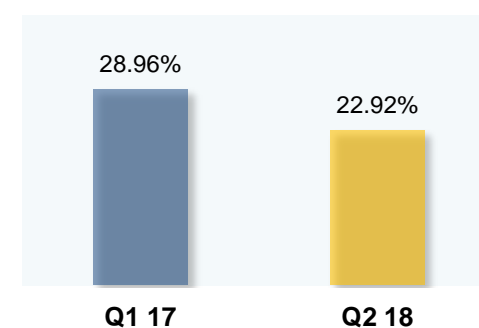
Fee Income



Provision Coverage ratio



Cost to Income ratio



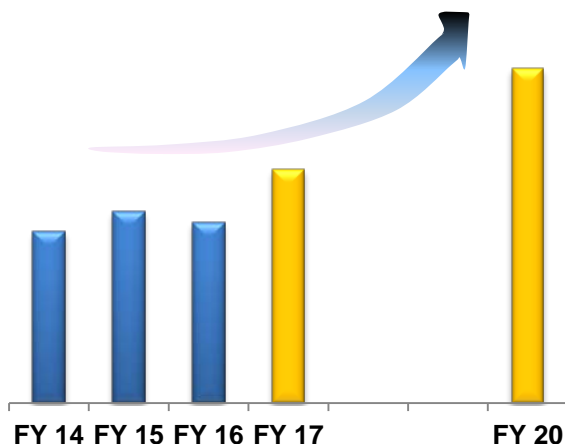
# Transform. Focus. Deliver... *Redefined*

## TRANSFORM.

Delivering top quartile RoE by 2020 **or earlier**

**Grow fearlessly**

Top quartile  
RoE by 2020 **or earlier**



## FOCUS.

Increasing RoE in each business

Increasing market share in our focused products

Build a strong sell down desk

Shift from cost reduction to cost control

Strong risk framework and adequate provision coverage

## DELIVER.



**Short Term H1 FY'18**

- Continuous increase in market share
- Strong risk framework
- Strengthen sell down desk further



**Medium Term FY'18**

- Continue to deliver RoE
- Build counter-cyclical provisions to avoid future shocks
- Strengthen cost controls



**Long Term FY'20**

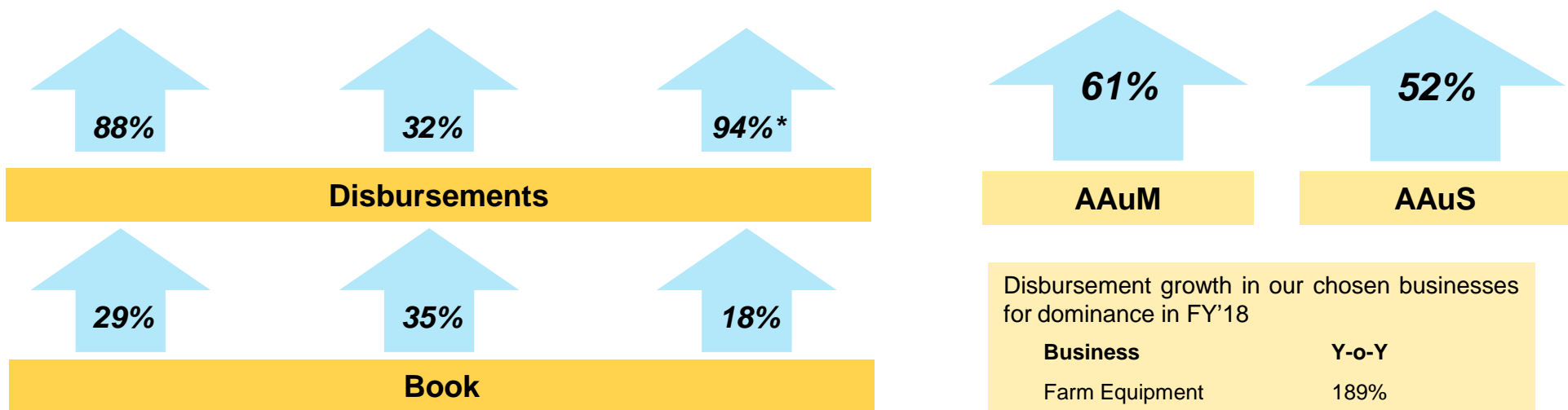
- Establish digital and data analytics as sustainable competitive advantage
- Be the dominant player in specific products

# Deliverables over Short Term

## 1. Growth



### Growth Y-o-Y



Disbursement growth in our chosen businesses for dominance in FY'18

Business	Y-o-Y
Farm Equipment	189%
Infrastructure Finance	71%



# Deliverables over Short Term

## 2. Strong Risk Framework

RISK FRAMEWORK	SCOPE	RATING SCALE*	STATUS
RISK APPETITE STATEMENT	Covers capital adequacy, liquidity & earnings volatility	5	Implemented for all lending businesses
RISK LIMITS FRAMEWORK	Concentration risk, identified risk hotspots & prudential limits for businesses/sectors.	5	Implemented for all lending businesses
RISK DASHBOARDS	<ul style="list-style-type: none"><li>Integrated and actionable dashboards</li><li>Combines data trends with synthesized insights</li></ul>	5	4 out of 5 dashboards implemented
EARLY WARNING SIGNALS	<ul style="list-style-type: none"><li>Timely identification of emerging risks</li><li>Early course corrections</li></ul>	3	Implemented for 4 products. Others to be completed by Q3
LIQUIDITY RISK MANAGEMENT	Effectively manage Liquidity Risk during Black Swan events	4	Building of Liquidity buffer initiated

The Enterprise risk framework for LTFS has been set in consultation with Oliver Wyman

# Deliverables over Short Term

## 2.1 Illustrative Risk Guardrails

BUSINESS	RISK	RISK GUARDRAILS
<b>RURAL Micro Loans</b>	Sourcing	<ul style="list-style-type: none"> <li>Analytics led acquisition decisions at district/ pin code level</li> <li>Individual customer profiling through credit scorecard</li> </ul>
	Portfolio Quality	<ul style="list-style-type: none"> <li>Differentiated action for Default in Concert Vs Individual default</li> </ul>
	Geographical concentration	<ul style="list-style-type: none"> <li>Redefining boundaries based upon socio political affiliations</li> </ul>
	Event	<ul style="list-style-type: none"> <li>Build-up counter cyclical provisions</li> </ul>
<b>HOUSING Real Estate Finance</b>	Promoter	<ul style="list-style-type: none"> <li>Focus on Cat A &amp; B Developers</li> <li>Risk matrices: Developer category, Product type and Project stage</li> </ul>
	Project	<ul style="list-style-type: none"> <li>Focus on developers ability to sell &amp; strong track record of project delivery</li> <li>Cost inputs from internal Lead Engineer / Technical team and selling price &amp; sales velocity inputs from internal Market Intelligence team</li> </ul>
	Portfolio Quality	<ul style="list-style-type: none"> <li>Rigorous quarterly portfolio review based on Early Warning Signals</li> </ul>
	Concentration	<ul style="list-style-type: none"> <li>6 key markets focus (Mumbai, NCR, Bengaluru, Chennai, Pune &amp; Hyd)</li> <li>Thresholds on Developer category, Structured products &amp; Stage of project</li> <li>Increased focus on down selling to limit deal level concentration risks</li> </ul>
	Regulatory	<ul style="list-style-type: none"> <li>Existing portfolio impact assessment due to RERA being carried out by KPMG. Negligible impact on cases assessed so far</li> </ul>

# Deliverables over Short Term

## 2.1 Illustrative Risk Guardrails (contd...)

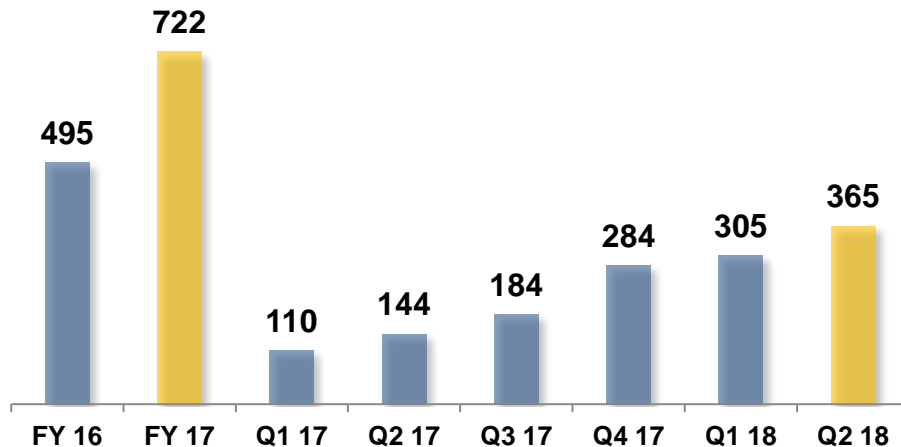
BUSINESS	RISK	RISK GUARDRAILS
<b>WHOLESALE Renewable Energy Finance</b>	Regulatory, Equity and Evacuation	<ul style="list-style-type: none"><li>• Avoiding risks related to Power Purchase Agreement, land acquisition, equity, foreign exchange and evacuation</li></ul>
	Construction Risk	<ul style="list-style-type: none"><li>• Site visits, Tracking of construction milestone on-site, by LTFS engaged engineers</li><li>• Structuring through detailed technical and financial due diligence and scenario/ sensitivity analysis</li></ul>
	Operational risk	<ul style="list-style-type: none"><li>• Early warning lead indicators through close monitoring of performance indicators and covenants</li><li>• Strong ability to substitute promoters, manage projects through 3<sup>rd</sup> party operators in the interim</li></ul>
	Concentration risk	<ul style="list-style-type: none"><li>• Limits on exposure to sectors, promoter groups, counterparties</li><li>• Vibrant down-selling desk, one of the leading desks in the country</li></ul>
	Portfolio Quality	<ul style="list-style-type: none"><li>• Ability to intervene timely and decisively to manage unforeseen risks</li><li>• Timely course correction through Early Warning triggers</li><li>• Rigorous project reviews</li></ul>

# Deliverables over Short Term

## 3. Strengthening Fee Income & Sell down desk

### FEE & OTHER INCOME

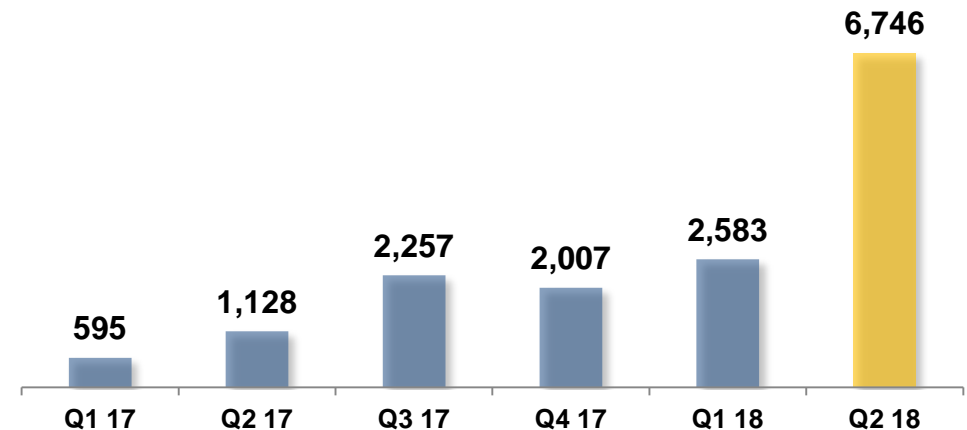
Rs Cr.



- Sustained high fee income levels is a result of LTFH strategy of concentrating on “NIMs + Fees” for measuring transaction profitability
- The Fee Income engine is getting more broad based across all focused businesses

### SELL DOWN VOLUMES

Rs Cr.



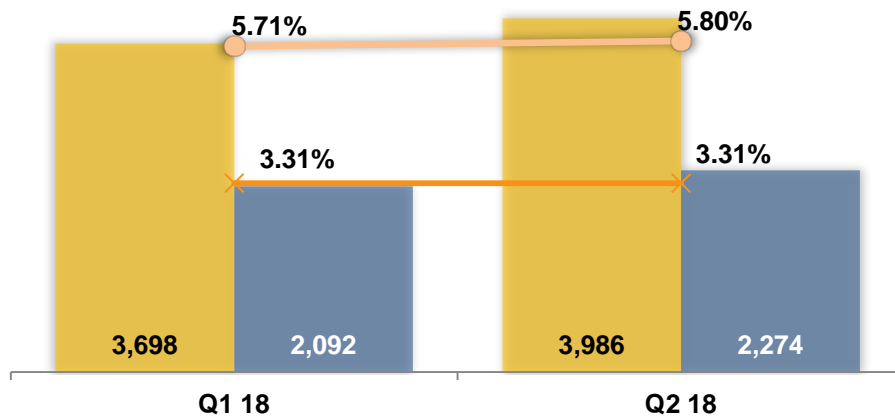
- Sustained focus on higher sell down volumes
- Rated 4<sup>th</sup> largest Lead Arranger by Thomson Reuters Asia Pacific and Bloomberg
- Sell-down desk now extends to Real Estate finance, Structured Asset finance, MFI and 2W

# Deliverables over Medium Term

## 1. Strengthening Balance Sheet

### LENDING BUSINESS - ASSET QUALITY

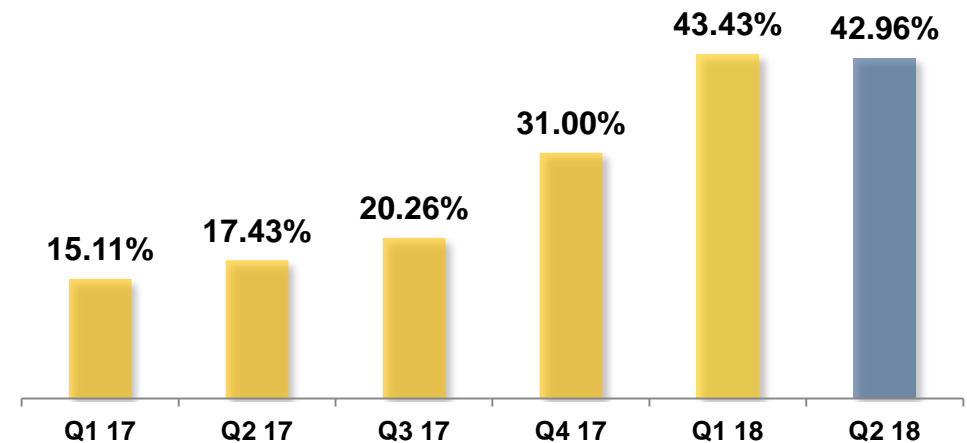
*FY'17 - Restated for 90 DPD*



- LTFH has moved to reporting asset quality at 90 DPD from Q1FY18
- Asset quality continues to remain stable

### PROVISION COVERAGE RATIO

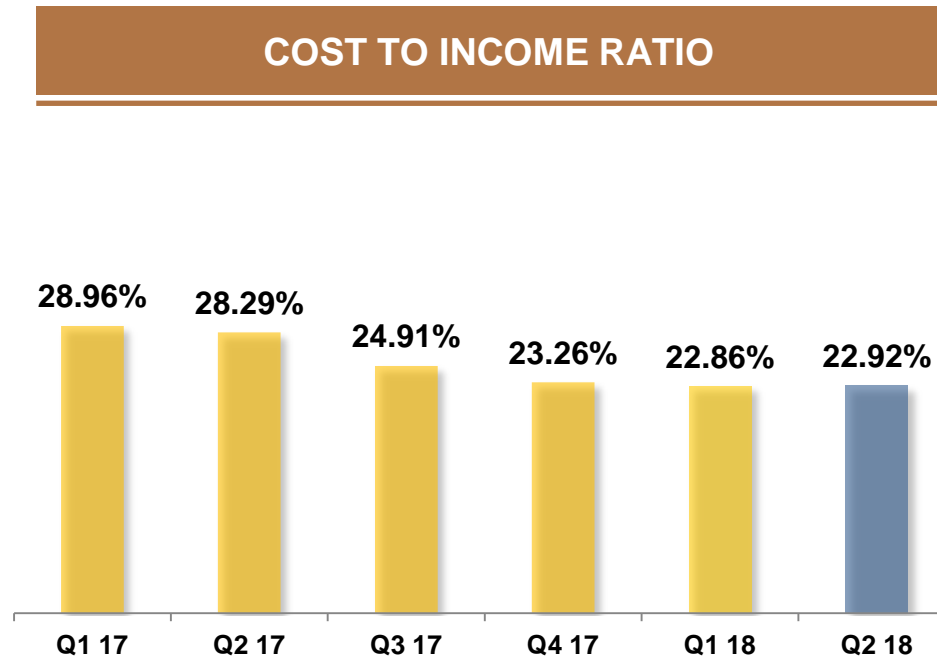
*FY'17 - Restated for 90 DPD*



- Provision coverage ratio has been constantly strengthened from Q1 FY'17
- Journey to desired provision cover in Infrastructure finance is on track

# Deliverables over Medium Term

## 2. Strengthening Cost Control



**Enterprise Cost to Income has been consistently decreasing for the past 1 year**

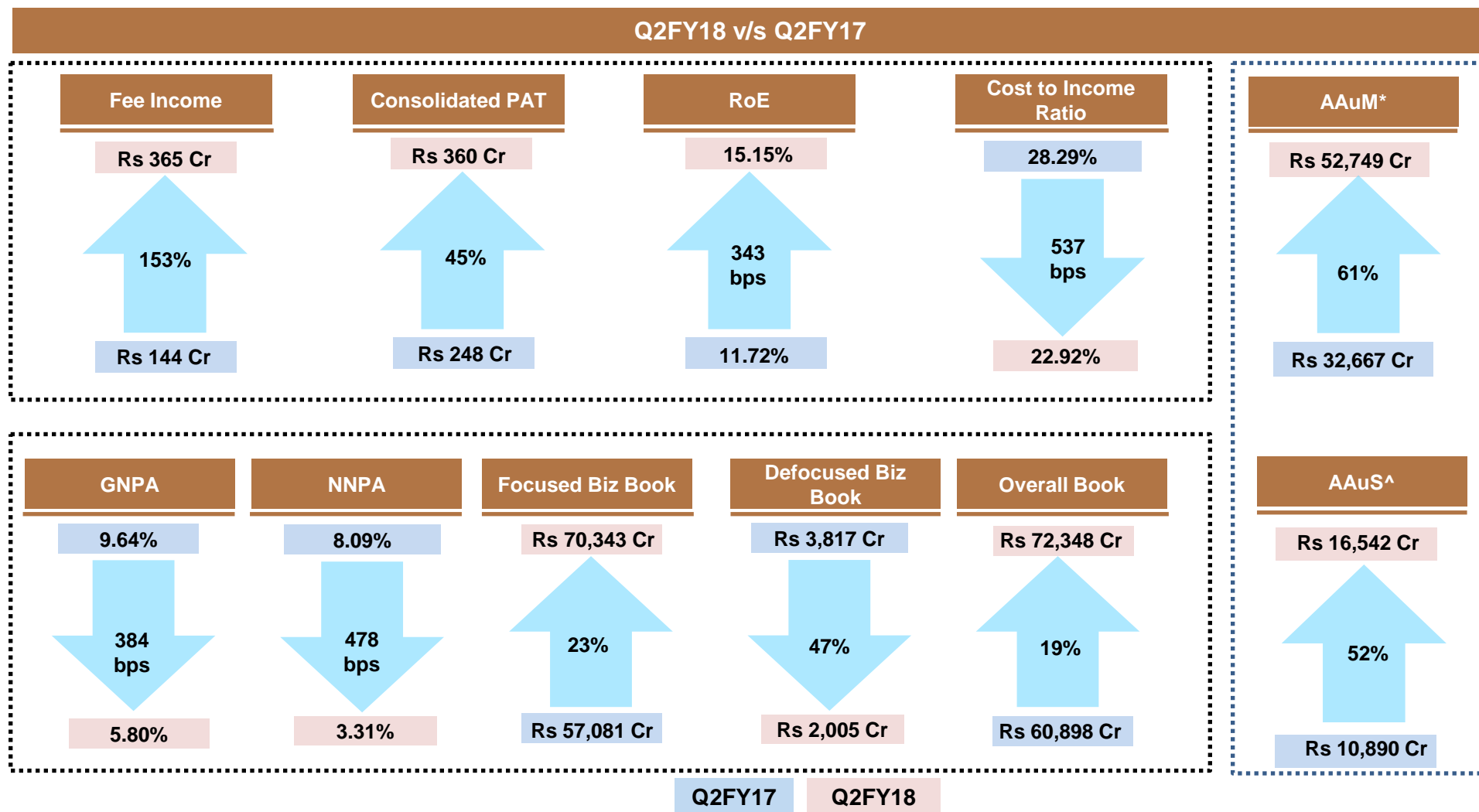
# Deliverables over Long Term

## Using Power of Data for Fearless Growth & Unlocking RoE

MEASURE	INITIATIVES	STATUS
<b>GROWTH IN LOANS &amp; ADVANCES</b>	<ul style="list-style-type: none"> <li>Cross Sell / Upsell own database</li> <li>Prospect Marketing by using analytical scrubbing</li> </ul>	<ul style="list-style-type: none"> <li>Piloted disbursement using Pre-Approved offers for Home Loan/LAP to existing LTFS customers</li> <li>Pro-active retention strategy of existing customer (HL/LAP and Micro Loans) created using predictive modelling and bureau triggers</li> </ul>
<b>HIGHER INCOME /LOWER COST OF ACQUISITION</b>	<ul style="list-style-type: none"> <li>Prospect Marketing</li> <li>Direct Acquisition</li> </ul>	<ul style="list-style-type: none"> <li>Channelized data partnerships to enrich existing customer data as well as to create future opportunity for direct acquisition</li> </ul>
<b>LOWER OPERATING EXPENSES</b>	<ul style="list-style-type: none"> <li>Process Transformation</li> </ul>	<ul style="list-style-type: none"> <li>Swim lane based customer segmentation and their onboarding journey finalized. Pilot to be initiated for salaried HL and TW .</li> </ul>
<b>CONSISTENTLY LOWER CREDIT COST</b>	<ul style="list-style-type: none"> <li>Leverage digital ecosystem</li> </ul>	<ul style="list-style-type: none"> <li>Deployed algorithms to trigger early warning signals and drive collection / repossession strategy</li> <li>Recalibrated TW customer acquisition score card and pilot to begin with the new process</li> <li>Prepared Models for precision targeting for enhancing productivity</li> </ul>

Return on Assets

# LTFH consolidated Q2FY18 – Financial performance highlights





# LTFH consolidated Q2FY'18 – Capital allocation and RoE bridge

PAT	Q2 FY17		Business Segments (Rs. Cr)	Q2 FY18			PAT Y-o-Y (%)
	Net Worth	RoE		PAT	Net Worth	RoE	
76	1,378	22.72%	Rural Business	92	1,510	25.32%	21%
61	1,162	23.19%	Housing Business	113	1,506	30.15%	87%
121	4,870	9.90%	Wholesale Business	142	5,774	10.12%	18%
<b>257</b>	<b>7,410</b>	<b>14.18%</b>	<b>Lending Business</b>	<b>348</b>	<b>8,791</b>	<b>16.21%</b>	<b>35%</b>
12	745	6.29%	Investment Management	21	811	10.61%	83%
2	9	106.55%	Wealth Management	7	24	127.50%	205%
<b>271</b>	<b>8,164</b>	<b>13.54%</b>	<b>Focus Business Total</b>	<b>375</b>	<b>9,626</b>	<b>15.97%</b>	<b>39%</b>
(35)	542	(23.74%)	De-focused Business	(29)	224	(44.88%)	(19%)
<b>236</b>	<b>8,706</b>	<b>10.98%</b>	<b>Businesses Total</b>	<b>347</b>	<b>9,850</b>	<b>14.37%</b>	<b>47%</b>
12	153	34.01%	Others	13	68	36.32%	8%
--	--	--	Exceptional gains	--	--	--	--
<b>248</b>	<b>8,859</b>	<b>11.36%</b>	<b>LTFH Consol. (Reported)</b>	<b>360</b>	<b>9,918</b>	<b>14.70%</b>	<b>45%</b>
32	1,213		Less Pref. Div. / Pref. Cap	30	1,034		(6%)
<b>216</b>	<b>7,463</b>	<b>11.72%</b>	<b>LTFH Consol. (To Equity Shareholders) *</b>	<b>330</b>	<b>8,822</b>	<b>15.15%</b>	<b>53%</b>

\* Consol. PAT to Shareholders is after considering dividend on preference shares on pro-rata basis; Net Worth excludes preference shares, pref. dividend on pro-rata basis

# Strengthening of Balance sheet through accelerated credit cost


## Credit Cost Q2 FY'18

Rs Crs	Regulatory (1)	Accelerated from business P&L (2)	Total (1) +(2) = (3)	Accelerated from exceptional gains(4)	Total (3)+(4)=(5)
Rural	88	75	163	0	163
Housing	28	40	68	0	68
Wholesale	164	76	240	86	326
Rundown	15	0	15	0	15
<b>Lending</b>	<b>295</b>	<b>191</b>	<b>486</b>	<b>86</b>	<b>572</b>

Benefit from exceptional gains entirely used to create accelerated provisions

# Conclusion & Outlook

- ❖ LTFH has achieved its highest ever RoE in Q2 FY18
- ❖ All 5 focused businesses are contributing to growth and RoE trajectory
- ❖ **Q2 FY18 vs Q2 FY17 performance is as below:**
  - RoE stands at 15.15% vs 11.72%
  - Consolidated PAT increased 45% to Rs 360 Cr vs Rs 248 Cr
- ❖ The deliverables promised at the beginning of the year are on track
- ❖ LTFH stays committed to achieve top quartile RoE by 2020 or earlier
- ❖ Strong earnings, continuously improving RoE and robust risk guardrails have put LTFH 2.0 on the track of “Growing Fearlessly”








# Appendix






***L&T Financial Services***

# Q2 FY'18- Key Differentiators & Highlights – 1/2

BUSINESS		KEY DIFFERENTIATORS	HIGHLIGHTS
<b>Rural</b>  <b>Disbursement Growth (YoY)</b> 88%		TAT	<ul style="list-style-type: none"> <li>#2 tractor financier – 11.1% market share in Q2 FY18 vs. 4.7% in Q2 FY17</li> <li>Disbursement growth of 189%</li> </ul>
		OEM & Dealer tie ups	<ul style="list-style-type: none"> <li>Disbursement growth of 177% Y-o-Y</li> <li>Book growth of 40% Y-o-Y</li> </ul>
		Auto Underwriting	<ul style="list-style-type: none"> <li>Disbursement growth of 29%</li> <li>Achieved 99.32% CE* from regular customers with debtors remaining constant</li> </ul>
<b>Housing</b>  <b>Disbursement Growth (YoY)</b> 32%		TAT	<ul style="list-style-type: none"> <li>Disbursement growth of 4%</li> <li>Book growth of 11%</li> </ul>
		L&T Ecosystem	<ul style="list-style-type: none"> <li>Book size growth by 76% YoY</li> </ul>
		Holistic Product	

# Q2 FY'18- Key Differentiators & Highlights – 2/2

BUSINESS		KEY DIFFERENTIATORS	HIGHLIGHTS
<b>Wholesale</b>  <b>Disbursement Growth (YoY)</b> <b>94%*</b>		<b>TAT</b>  Fee Income & sell down desk  Superior appraisal & Underwriting  Core Sector expertise	<ul style="list-style-type: none"> <li>Disbursement growth rate of 94%* YoY</li> <li>Book growth of 18% YoY</li> </ul>
<b>Investment Management</b>  <b>AAUM Growth (YoY)</b> <b>61%</b>		6 Equity funds in top quartile  Higher component of Equity AAUM	<ul style="list-style-type: none"> <li>Equity AAuM is 44% of AAuM</li> <li>Drop in C/I ratio YoY from 72% to 62%</li> <li>83% YoY growth in PAT from Rs 12 Cr to Rs 21 Cr.</li> </ul>
<b>Wealth Management</b>  <b>AAUS Growth (YoY)</b> <b>52%</b>		Holistic Product Offering  Open Architecture Model	<ul style="list-style-type: none"> <li>Productivity per RM increased 63% YoY</li> <li>Delivered a PAT of Rs 7 Cr in Q2 FY'18 from Rs 2 Cr in Q2 FY'17</li> </ul>

# Swim Lane based Journey of a TW customer...

## **Growth:**

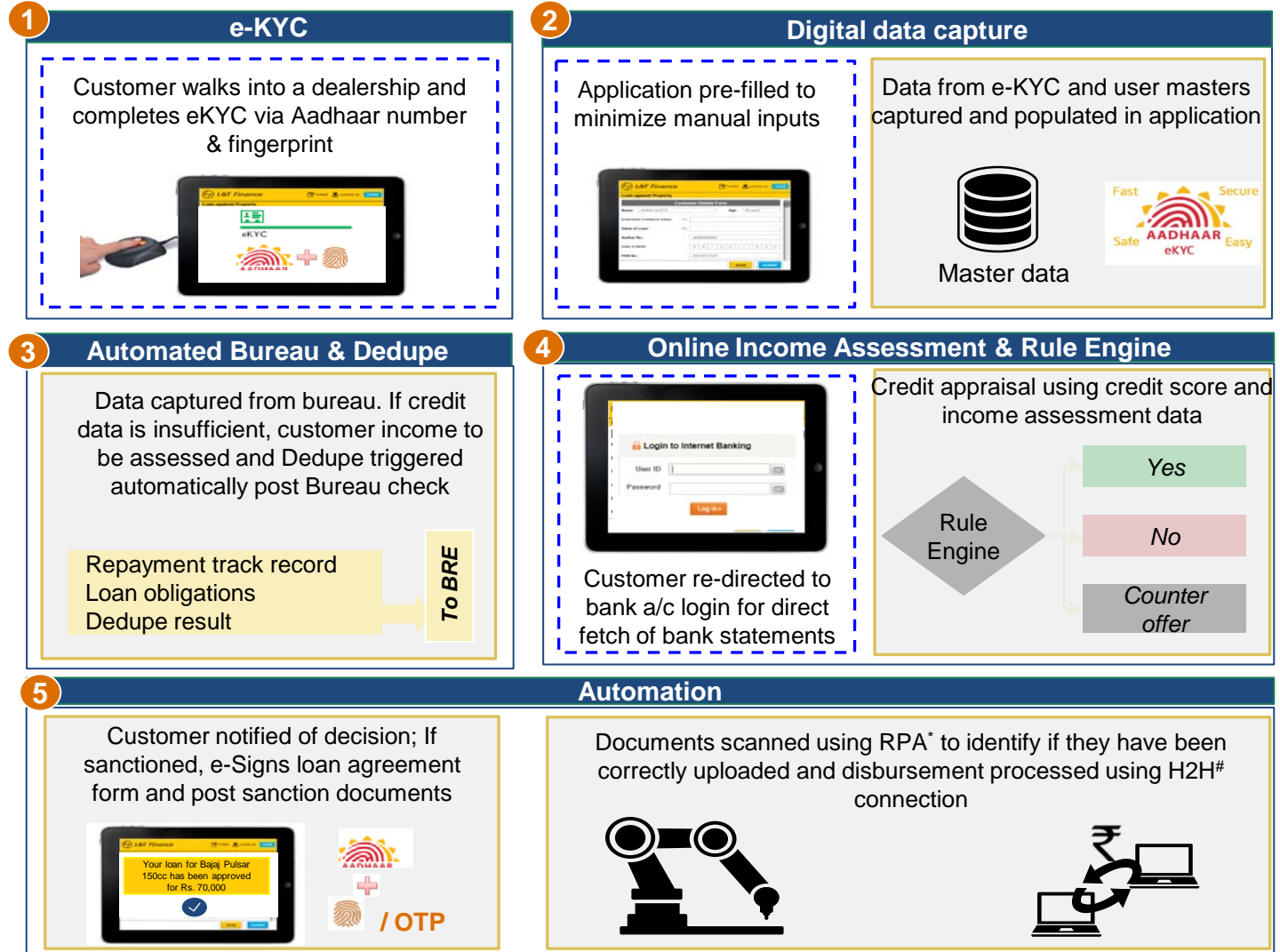
Seamless customer experience across channels, with minimal data being captured at frontend will also enable direct acquisition

## **Lower Credit Cost:**

Algorithm based customer assessment, including his/her income details are sourced from their bank accounts directly

## **Lower Operating Cost:**

Completely paperless onboarding of customer with no human interference



# Lending Business – Segment Wise Disbursement Split

Disbursements				
Q2FY17	Q1FY18 Segments (Rs. Cr. )	Q2FY18	Y-o-Y (%)	
1,237	833 Micro Loans	1,601	29%	
392	636 2W Finance	1,085	177%	
374	969 Farm Equipment	1,081	189%	
<b>2,002</b>	<b>2,438 Rural Finance</b>	<b>3,767</b>	<b>88%</b>	
862	709 Home Loans / LAP	900	4%	
1,102	1,571 Real Estate Finance	1,697	54%	
<b>1,964</b>	<b>2,280 Housing Finance</b>	<b>2,596</b>	<b>32%</b>	
2,407	4,272 Infrastructure Finance	4,125	71%	
748	550 Structured Corp Finance	1,347	80%	
2,901	2,448 Supply Chain Finance	2,594	(11%)	
1,114	3,087 DCM	5,809	421%	
<b>7,170</b>	<b>10,356 Wholesale Finance</b>	<b>13,875</b>	<b>94%</b>	
<b>11,135</b>	<b>15,073 Focused Products</b>	<b>20,239</b>	<b>82%</b>	
17	-- De-focused Products	--	--	
<b>11,153</b>	<b>15,073 Total Disbursement</b>	<b>20,239</b>	<b>81%</b>	
--	8,000 IPO Funding	11,755	--	
<b>11,153</b>	<b>23,073 Grand Total</b>	<b>31,994</b>	<b>187%</b>	



# Lending Business – Segment Wise Book Split

Loans & Advances				
Q2FY17	Q1FY18 Segments (Rs. Cr. )	Q2FY18	Y-o-Y (%)	
3,091	3,812 Micro Loans	4,493	45%	
1,809	2,204 2W Finance	2,532	40%	
4,322	4,480 Farm Equipment	4,849	12%	
<b>9,223</b>	<b>10,497 Rural Finance</b>	<b>11,874</b>	<b>29%</b>	
7,165	7,658 Home Loans / LAP	7,968	11%	
4,216	5,897 Real Estate Finance	7,403	76%	
<b>11,381</b>	<b>13,555 Housing Finance</b>	<b>15,371</b>	<b>35%</b>	
27,862	30,642 Infrastructure Finance	30,192	8%	
4,848	5,651 Structured Corp Finance	6,682	38%	
2,240	1,823 Supply Chain Finance	1,961	(12%)	
1,528	3,631 DCM	4,262	179%	
<b>36,478</b>	<b>41,746 Wholesale Finance</b>	<b>43,098</b>	<b>18%</b>	
<b>57,081</b>	<b>65,798 Focused Products</b>	<b>70,343</b>	<b>23%</b>	
3,817	2,382 De-focused Products	2,005	(47%)	
<b>60,898</b>	<b>68,180 Total</b>	<b>72,348</b>	<b>19%</b>	

# Rural Business – Summary Financials

P&L Summary				
Q2FY17	Q1FY18	Summary P&L (Rs. Cr. )	Q2FY18	Y-o-Y(%)
442	505	Interest Income	526	19%
164	179	Interest Expense	189	15%
278	326	NIM	337	21%
21	36	Fee & Other Income	61	189%
299	363	Total Income	399	33%
96	87	Operating Expense	98	3%
203	275	Earnings before credit cost	300	48%
89	162	Credit Cost	163	83%
76	76	PAT	92	21%

Balance Sheet Summary				
Balance Sheet (Rs. Cr. )	Q2FY17	Q1FY18	Q2FY18	Y-o-Y(%)
Total Assets	9,740	10,661	12,293	26%
Gross Loans & Advances	9,223	10,497	11,874	29%
Borrowings	7,826	8,849	10,128	29%
Networth	1,378	1,397	1,510	10%

# Rural Business – Key Ratios

Key Ratios			
Q2FY17	Q1FY18	Key Ratios	Q2FY18
19.86%	19.69%	Yield	18.82%
8.55%	8.21%	Cost of Borrowing	8.02%
12.47%	12.71%	<b>Net Interest Margin</b>	12.06%
0.96%	1.42%	Fee & Other Income	2.20%
13.43%	14.12%	NIM (Including Fee & Other Income)	14.26%
4.30%	3.40%	<b>Operating Expenses</b>	3.51%
9.13%	10.72%	<b>Earnings before credit cost</b>	10.74%
3.99%	6.32%	Credit Cost	5.82%
3.19%	2.90%	Return on Assets	3.21%
5.68	6.34	Debt / Equity	6.71
22.72%	22.37%	<b>Return on Equity</b>	25.32%

# Housing Business – Summary Financials

P&L Summary				
Q2FY17	Q1FY18	Summary P&L (Rs. Cr. )	Q2FY18	Y-o-Y(%)
334	393	Interest Income	455	36%
209	219	Interest Expense	245	17%
125	174	NIM	210	68%
18	44	Fee & Other Income	40	123%
143	217	Total Income	250	75%
38	31	Operating Expense	40	3%
104	186	Earnings before credit cost	211	102%
11	41	Credit Cost	68	--
61	109	PAT	113	87%

Balance Sheet Summary				
Balance Sheet (Rs. Cr. )	Q2FY17	Q1FY18	Q2FY18	Y-o-Y(%)
Total Assets	12,042	14,231	16,081	34%
Gross Loans & Advances	11,381	13,555	15,371	35%
Borrowings	10,171	11,976	13,880	36%
Networth	1,162	1,503	1,506	30%

# Housing Business – Key Ratios

Key Ratios			
Q2FY17	Q1FY18	Key Ratios	Q2FY18
12.26%	12.04%	Yield	12.57%
8.56%	7.59%	Cost of Borrowing	7.57%
4.58%	5.32%	<b>Net Interest Margin</b>	5.81%
0.66%	1.34%	Fee & Other Income	1.12%
5.24%	6.66%	NIM (Including Fee & Other Income)	6.92%
1.41%	0.97%	<b>Operating Expenses</b>	1.10%
3.83%	5.69%	<b>Earnings before credit cost</b>	5.83%
0.39%	1.24%	Credit Cost	1.88%
2.11%	3.18%	Return on Assets	2.99%
8.76	7.97	Debt / Equity	9.21
23.19%	30.43%	<b>Return on Equity</b>	30.15%

All ratios based on quarterly average of Gross Loans & Advances

# Wholesale Business – Summary Financials

P&L Summary				
Q2FY17	Q1FY18	Summary P&L (Rs. Cr. )	Q2FY18	Y-o-Y(%)
1,033	1,070	Interest Income	1,125	9%
677	770	Interest Expense	800	18%
356	299	NIM	325	(9%)
43	129	Fee & Other Income	150	253%
399	429	Total Income	475	19%
43	43	Operating Expense	41	(5%)
356	386	Earnings before credit cost	434	22%
188	180	Credit Cost	240	27%
120	138	PAT	142	18%

Balance Sheet Summary				
Balance Sheet (Rs. Cr. )	Q2FY17	Q1FY18	Q2FY18	Y-o-Y(%)
Total Assets	38,795	45,328	47,246	22%
Gross Loans & Advances	36,478	41,746	43,098	18%
Borrowings	32,174	37,738	38,494	20%
Networth	4,870	5,470	5,774	19%

Credit costs include provisions, write offs, foreclosure losses, interest provisions/reversals

# Wholesale Business – Key Ratios

Key Ratios			
Q2FY17	Q1FY18	Key Ratios	Q2FY18
11.60%	10.29%	Yield	10.61%
8.65%	8.36%	Cost of Borrowing	8.58%
4.00%	2.88%	<b>Net Interest Margin</b>	3.06%
0.48%	1.24%	Fee & Other Income	1.42%
4.48%	4.12%	NIM (Including Fee & Other Income)	4.48%
0.48%	0.41%	<b>Operating Expenses</b>	0.38%
<b>4.00%</b>	3.71%	<b>Earnings before credit cost</b>	4.10%
2.11%	1.73%	Credit Cost	2.26%
1.25%	1.22%	Return on Assets	1.23%
6.61	6.90	Debt / Equity	6.67
9.90%	10.24%	<b>Return on Equity</b>	10.12%

All ratios based on quarterly average of Gross Loans & Advances

# Wholesale Business – Segment Wise Split

DISBURSEMENT

Sectors (Rs Cr.)	Q2FY17	Q1FY18	Q2FY18	Y-o-Y (%)
Renewable Power	1,389	1,337	3,214	131%
Transport	564	2,696	339	(40%)
Power – Thermal	105	79	17	(84%)
Power – Corp <sup>2</sup> + T&D	154	952	108	(30%)
Others <sup>1</sup>	1,309	2,294	6,257	378%
Structured Corp. Fin.	748	550	1,346	80%
Supply Chain Finance	2,901	2,448	2,594	(11%)
<b>Total</b>	<b>7,170</b>	<b>10,356</b>	<b>13,875</b>	<b>94%</b>
<b>Net Disbursement</b>	<b>6,041</b>	<b>7,771</b>	<b>6,886</b>	<b>14%</b>

LOAN BOOK

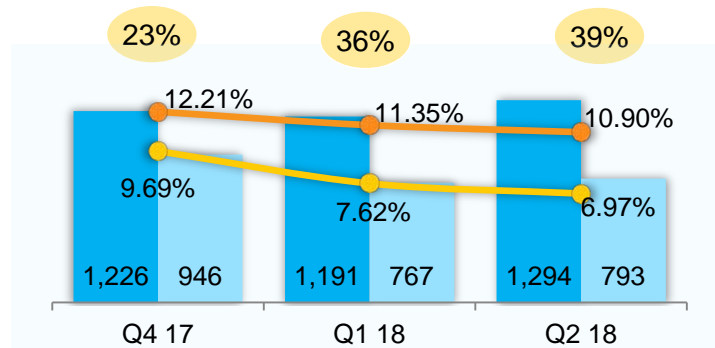
Sectors (Rs Cr.)	Q2FY17	Q2FY17(% of Total)	Q1FY18	Q2FY18	Q2FY18(% of Total)	Y-o-Y (%)	Q1FY18 %
Renewable Power	10,635	29%	12,535	14,333	33%	35%	30%
Transport	6,480	18%	9,395	8,483	20%	31%	23%
Power – Thermal	4,024	11%	3,144	2,867	7%	(29%)	8%
Power – Corp <sup>2</sup> + T&D	2,403	7%	2,538	2,568	6%	7%	6%
Others <sup>1</sup>	5,848	16%	6,660	6,206	14%	6%	16%
Structured Corp. Fin.	4,848	13%	5,651	6,680	15%	38%	14%
Supply Chain Fin	2,240	6%	1,823	1,961	5%	(12%)	4%
<b>Total</b>	<b>36,478</b>		<b>41,746</b>	<b>43,098</b>		<b>18%</b>	



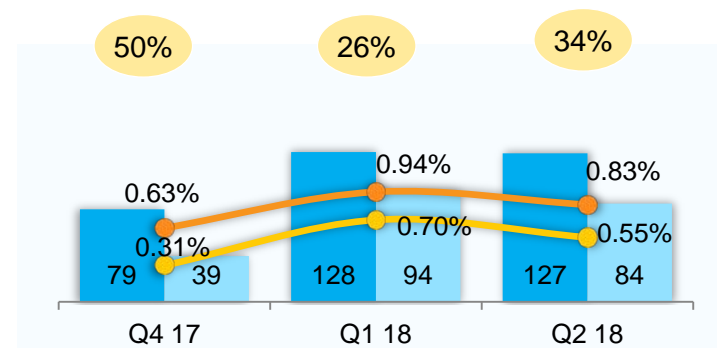


# Lending Business – Asset Quality restated at 90 DPD

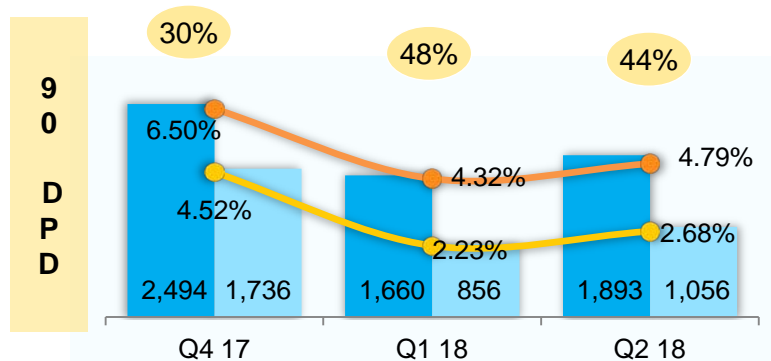
## Rural Asset Quality



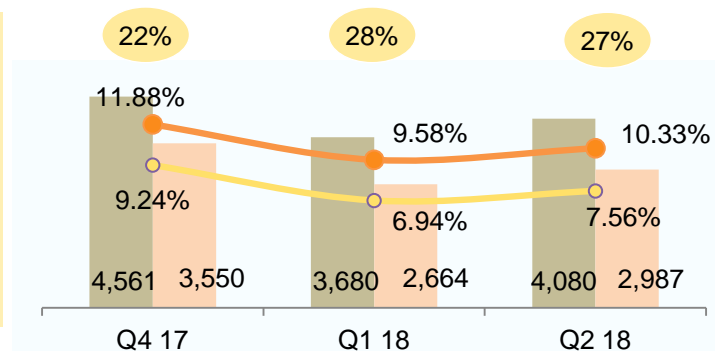
## Housing Asset Quality



## Wholesale Asset Quality







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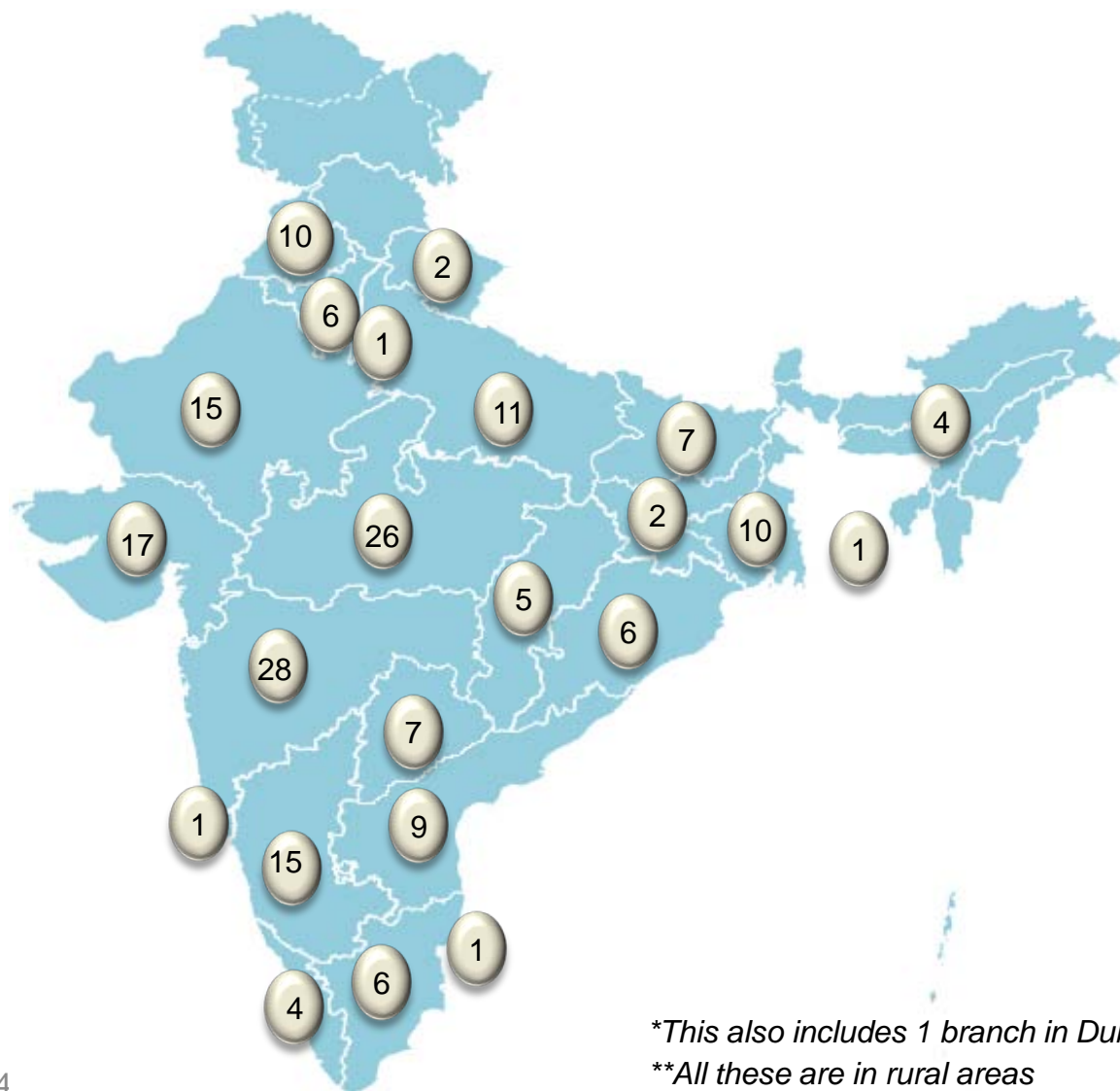
- All 3 Lending businesses have now moved to 90 DPD since April 1<sup>st</sup>, 2017

GNPA (Rs. Cr.) NNPA (Rs. Cr.) GNPA (%) NNPA (%) PCR (%)

# Product profile and geographies

BUSINESS		Average Ticket Size	Tenor	LTV	Major Geographies
Rural		Rs 4 Lacs	4 years	69%	MP, Telangana, UP, Karnataka, Maharashtra, AP, Rajasthan, Gujarat, Punjab, Haryana
		Rs 49,000/-	2 years	71%	West Bengal, Gujarat, Maharashtra, Karnataka, Orissa, Delhi
		Rs 27,000/-	2 years	--	TN, Orissa, WB, Karnataka, Kerala, Maharashtra, MP, Gujarat
Housing	Home Loan	Rs 37 Lacs	14 years	58%	Mumbai, Pune, Bangalore, Delhi, Chennai, Hyderabad
	 Loan against Property	Rs 49 Lacs	13 years	46%	

# LTFH Branch footprint

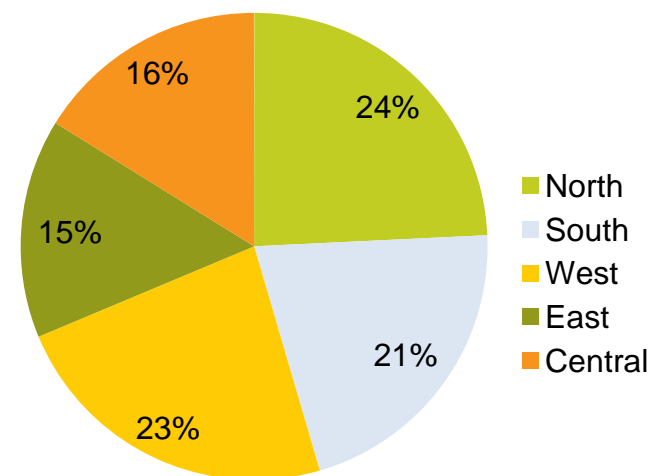


*\*This also includes 1 branch in Dubai*

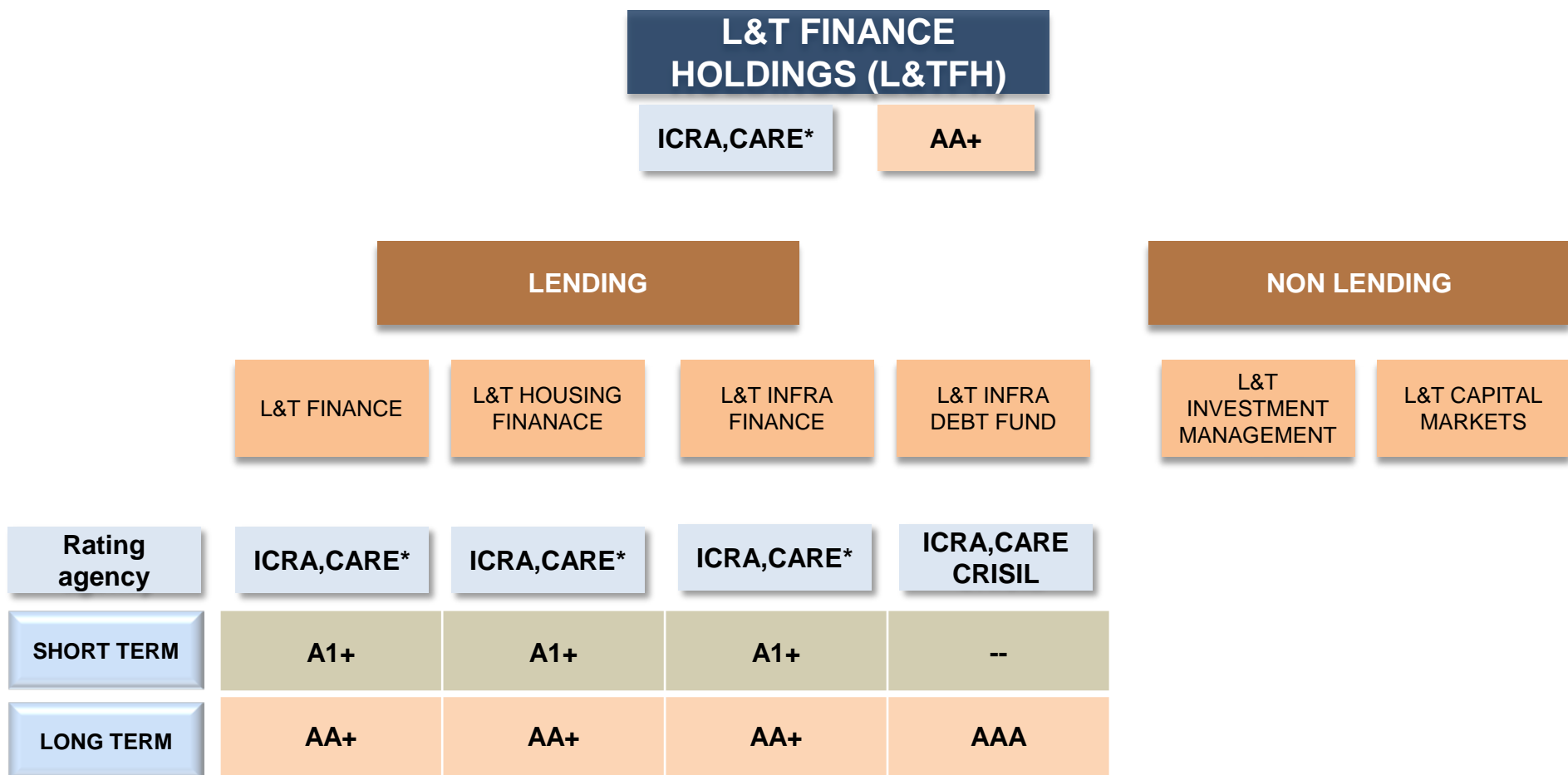
*\*\*All these are in rural areas*

No. of Branches*	195
No. of Employees	12,705
No. of Micro Loans Meeting Centers**	743

## Branch Breakup & Categorisation



# Corporate Structure & Credit Ratings

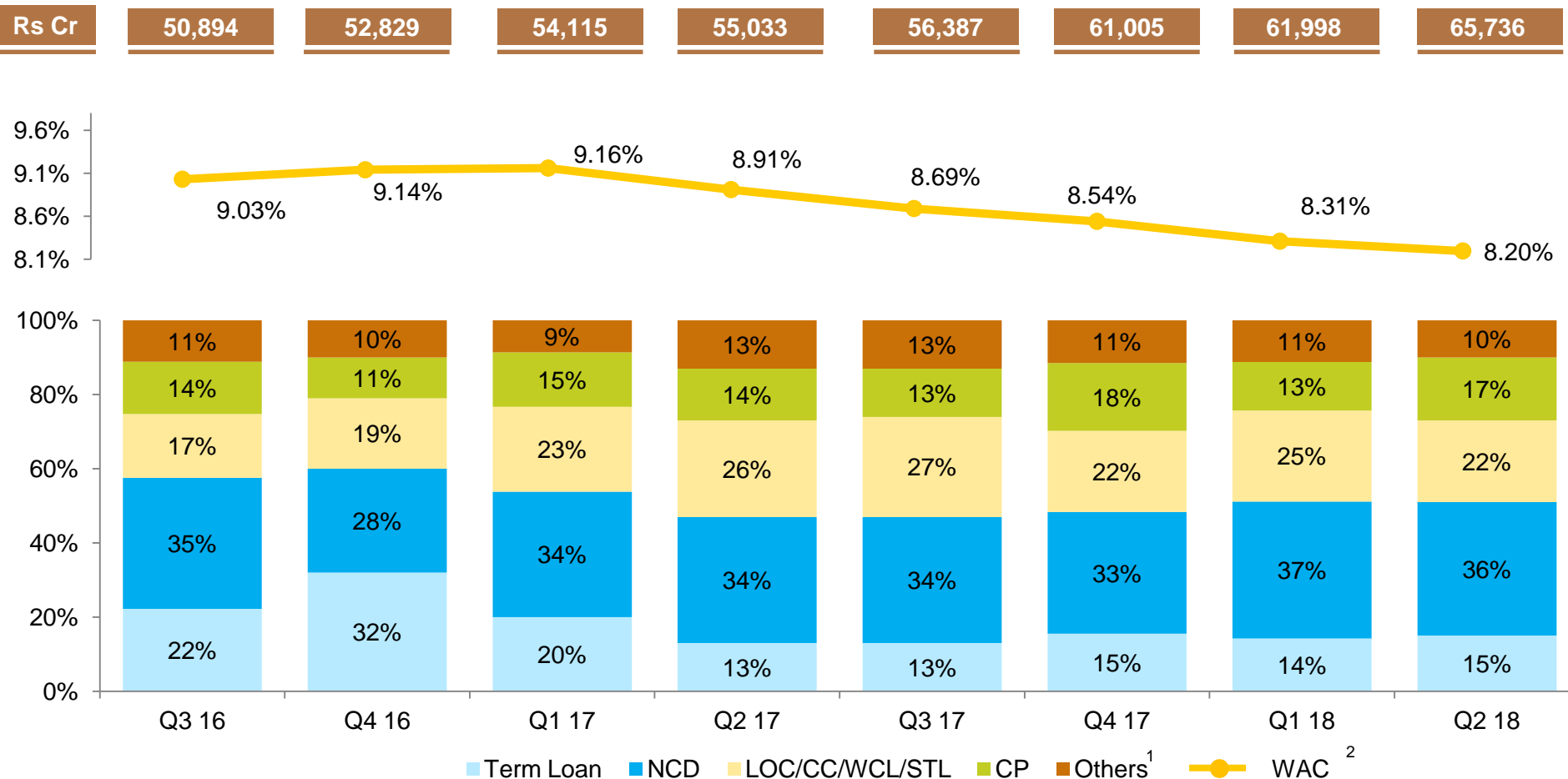


*\*CARE Rating revised from AA+ stable to AA+ positive w.e.f Oct 9<sup>th</sup>, 2017*

# Lending Business – CRAR Ratios

As of June 2017			CRAR Ratios Entity	As of September 2017		
Tier I	Tier II	CRAR		Tier I	Tier II	CRAR
13.76%	3.06%	16.82%	L&T Finance Ltd.	13.32%	2.87%	16.20%
13.11%	6.90%	20.01%	L&T Infra. Finance Ltd.	14.15%	7.41%	21.56%
23.76%	4.05%	27.81%	L&T IDF Ltd.	26.00%	4.31%	30.31%
11.62%	3.73%	15.35%	L&T Housing Finance Ltd.	9.73%	3.24%	12.97%

# Consolidated Debt Profile - Effective Liability Management



Focus on diversifying sources of funds

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

<sup>2</sup> WAC is excluding Preference Capital

# AUM Disclosure

## Assets Under Management (Rs. Cr.)

	Quarter ended Dec, 2016		Quarter ended March, 2016		Quarter ended June, 2017		Quarter ended Sept, 2017	
Fund Type	AUM <sup>1</sup>	Avg. AUM <sup>2</sup>	AUM <sup>1</sup>	Avg. AUM <sup>2</sup>	AUM <sup>1</sup>	Avg. AUM <sup>2</sup>	AUM <sup>1</sup>	Avg. AUM <sup>2</sup>
Equity (Other than ELSS)	12,077	11,987	14,831	13,505	18,460	16,736	22,576	20,656
Equity – ELSS	1,782	1,809	2,125	1,961	2,329	2,255	2,580	2,479
Income	12,316	12,796	12,862	13,629	13,748	14,574	14,677	16,043
Liquid	8,175	8,411	10,761	10,000	11,484	10,726	12,868	13,372
Gilt	203	189	197	205	196	193	197	199
<b>TOTAL</b>	<b>34,553</b>	<b>35,191</b>	<b>40,776</b>	<b>39,300</b>	<b>46,217</b>	<b>44,484</b>	<b>52,898</b>	<b>52,749</b>

<sup>1</sup> As on the last day of the Quarter

<sup>2</sup> Average AUM for the Quarter

# Corporate Social Responsibility - Directly linked to creating value

## FOCUS: GENERATION OF SUSTAINABLE RURAL LIVELIHOODS

### WATER RESOURCE MANAGEMENT



#### Target Group

8,160 farmers directly

#### Intervention

Drought proofing – constructing water harvesting structures

#### Location

20 Villages, Beed District, Marathwada

### DIGITAL FINANCIAL INCLUSION



1000 Women Entrepreneurs 1,00,000 rural population

Capacity building of 100 Digital Sakhis

30 villages in Pune, Solapur & Osmanabad Districts

Focus on Social Returns On Investment for Stakeholder Value Creation



# Board comprises majority of Independent Directors

## Board Of Directors



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

- o CA, Cost Accountant, and a Certified Internal Auditor
- o Chairman, Haribhakti & Co, LLP



**Harsh C. Mariwala**, *Independent Director*

- o Chairman of Marico Limited
- o 30+ years of experience in building some of the leading Consumer brands in India



**Dinanath Dubhashi**, *Managing Director & CEO*

- o B.E.(Mechanical), PGDM – IIM (Bangalore)
- o 27+ years of experience across multiple domains in BFSI such as Corporate Banking, Cash Management, Credit Ratings, Retail Lending and Rural Financing



**P. V. Bhide**, *Independent Director*

- o MBA, L.L.B and B.Sc
- o Retired IAS officer of the Andhra Pradesh Cadre (1973 Batch)
- o Former Finance Secretary; 40+ years experience across various positions in the Ministry of Finance



**R. Shankar Raman**, *Non-Executive Director*

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



**Thomas Mathew**, *Independent Director*

- o Post graduate in Economics and Law graduate
- o Former MD & CEO of Reinsurance Group of America for India, Sri Lanka and Bangladesh
- o ~Four decades experience in Life Insurance, LIC of India



**Pavninder Singh**, *Nominee Director*

- o MBA from Harvard Business School and Baker Scholar
- o Managing Director with Bain Capital- Mumbai
- o Earlier with Medrishi.com as Co-CEO and Consultant at Oliver Wyman



**Vaishali Kasture**, *Independent Director*

- o MBA from JBIMS and ICWAI
- o 25+ years of Banking and Capital market experience
- o Partner with Deloitte(Robotics process automation), Former MD- Goldman Sachs(India)



**Nishi Vasudeva**, *Independent Director*

- o MBA from IIM Calcutta
- o Former chairperson of Hindustan Petroleum Corporation Ltd
- o 30+ years of experience in various Navratnas
- o Global CEO of the year at Platt's Global energy awards 2015

# Management Team



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



**Kailash Kulkarni**  
CE - Investment Management  
27 yrs exp, Kotak Mahindra AMC,  
Met Life, ICICI



**Sunil Prabhune**  
CE – Rural & CHRO  
19 yrs exp, ICICI Bank, GE, ICI



**Virender Pankaj**  
CE - Wholesale  
26 yrs exp, SBI



**Srikanth J**  
CE - Housing  
21 yrs exp, BNP Paribas,  
Commerz Bank AG



**Manoj Shenoy**  
CE - Wealth Management  
27 yrs exp, EFG Wealth Mgmt,  
Anand Rath



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



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

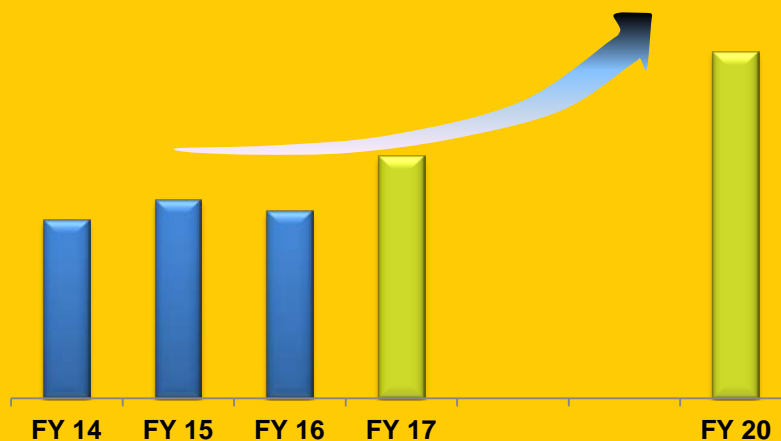


**S Anantharaman**  
Chief Risk Officer  
25 yrs exp, HDFC Bank, Al Ahli  
Bank of Kuwait, SBICI



**Abhishek Sharma**  
Chief Digital Officer  
14 yrs exp, Indian Army

## TOP QUARTILE RoE OF 18% BY 2020 OR EARLIER



**L&T Finance Holdings Ltd**  
Brindavan, Plot No 177  
CST Road, Kalina  
Santacruz (E), Mumbai 400 098

**Registered Office**  
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CIN: L67120MH2008PLC181833

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**L&T Financial Services**