

July 22, 2016

**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 July 19, 2016 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 being made to Institutional Investor/Analyst.

Further, as per Regulation 46 of Listing Regulations, the said Presentation would also be available on website of the Company i.e. [www.ltfinanceholdings.com/investors/investor-information.aspx](http://www.ltfinanceholdings.com/investors/investor-information.aspx).

Kindly take the same on record and acknowledge the receipt.

Thanking you,

Yours faithfully,

For **L&T Finance Holdings Limited**



**N. Suryanarayanan**  
**Company Secretary & Compliance Officer**

Encl: As above

# TRANSFORM FOCUS DELIVER



Strategy & Results Update – Q1FY17

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**Risk Factors and Disclaimers pertaining to L&T Mutual Fund:** Mutual Fund Investments are subject to market risks, read all scheme related documents carefully.

**L&T Finance Holdings – Strategy Roadmap Recap**

**Progress on Specific Initiatives**

**L&T Finance Holdings – Financial Performance**

**Performance and Outlook – By Business**

**Appendix**

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**Appendix**

# Transform. Focus. Deliver.

## Roadmap to continuous improvement in RoE

# TRANSFORM

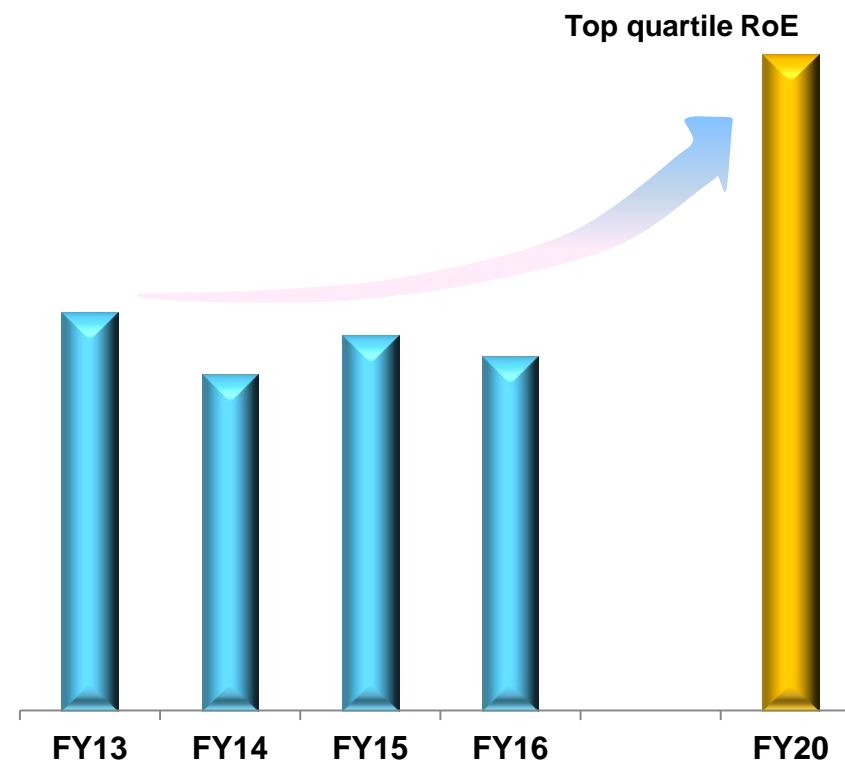
2007 - 2015

**Growth Phase** with focus on building a comprehensive product offering in line with **banking aspirations**

- ✓ LTFH amongst the largest NBFCs by size with a play on growth engines of India – infrastructure, housing and rural
- ✓ Widespread reach with 700+ points of presence, in 24 out of 29 states
- ✓ Total Assets in excess of Rs 50,000 Cr - portfolio of 17 lending products, complemented by AMC and Wealth Management platforms
- ✓ Distinctive market leadership position in 4 key businesses
  - ❑ Renewable Energy Project Finance (Ranked No. 2)
  - ❑ Tractor Finance (Top 3 with ~8% market share)
  - ❑ Two Wheeler Finance (Top 5 with ~10% market share)
  - ❑ Microfinance (Ranked 7 on asset size)
- ✓ Presence in many products with a few among them sub-scale and non-distinctive. This has led to RoE remaining in bottom quartile.

2016 - 2020

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



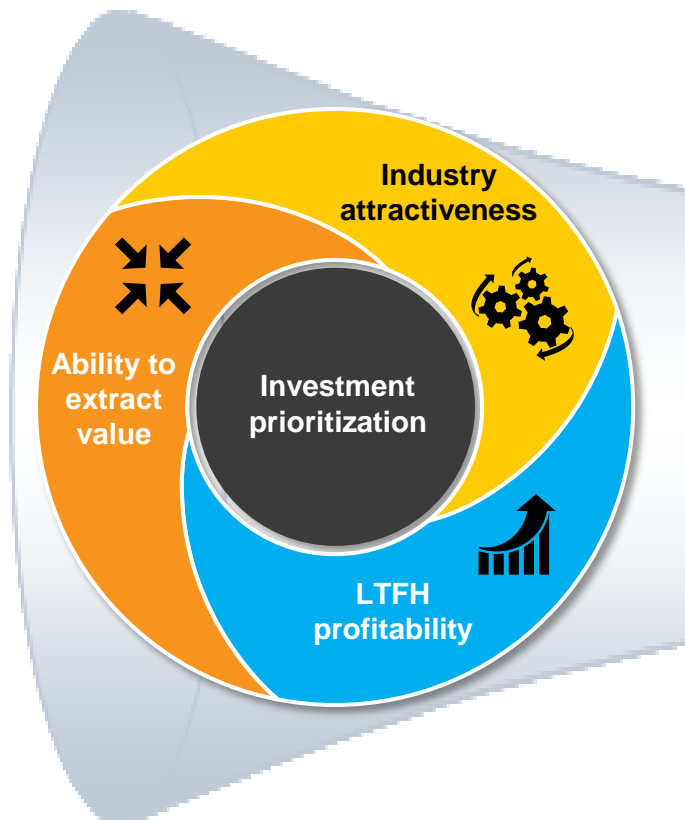
To transform RoE from ~10% to top quartile over next 4 years

# Transform. Focus. Deliver.

Roadmap to continuous improvement in RoE

## FOCUS

- Farm equipment
- Microfinance
- Two wheelers
- Home loans
- LAP
- Construction finance
- Infrastructure finance
- Supply Chain Finance
- Mid-Market Loans
- Loan Against Shares
- Cars
- MHCV/ LCV/ SCV
- CE
- Receivable discounting
- Leasing
- Warehouse Receipting
- Genset Finance
- 3 Wheeler
- ...



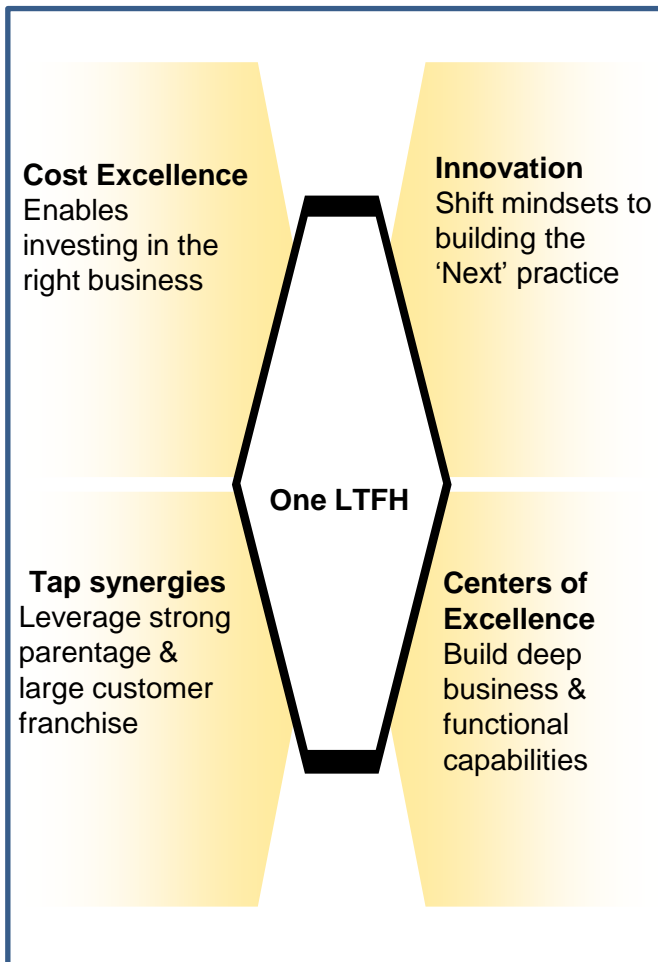
Rural	Farm Equipment
	Microfinance
	Two-wheelers
Housing	Home Loans & LAP
	Real Estate Finance
Wholesale	Infrastructure Finance
	Structured Corporate Loans

Focus on 3 key lending businesses, augmented by value creation in the AMC and fee income from Wealth Management

# Transform. Focus. Deliver.

## Roadmap to continuous improvement in RoE

# DELIVER



### Short Term

- Drive efficiency to lower Cost to Income ratio
- Sell-down CoE to increase fee and balance portfolio risks



### Medium Term

- Shift majority of capital to prioritized segments
- Unlock value of investments



### Long Term

- Upside from focus on prioritized businesses with value creation
- Build strong structural capabilities for sustainable profitable growth



Progress on **Specific Initiatives**



Improvement in **Cost to Income** ratio



Continuous improvement in **RoE**

Execution driven approach to deliver continuous improvement in RoE



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**Progress on Specific Initiatives**

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**Appendix**

# Progress on specific initiatives

## Key initiatives

### Centre of Excellence – Focused Businesses

- 7 Core themes identified in focused businesses to build our “Right To Win” proposition
- Setting up framework for opportunity scanning to cover untapped opportunities
- Engagement programmes with intermediaries to create partnership models



### Divestment of non-core businesses

- Non core and non interest bearing assets identified - investment banker finalized
- Strategic options being evaluated for value maximization

### Centre of Excellence – Functional Capabilities

- CoE for digital & data analytics, generation of fee income and sell-down being set up
- Indicative framework for client profiling and monetization of assets completed

### Cost Optimization

- To improve cost efficiency by right sizing and optimum utilisation of all resources
- The savings would be utilized to invest in building capacity in focused products

### Merger of Entities

- Entities to be merged are identified
- Benefits will include more efficient utilisation of capital and management bandwidth
- Expected completion date Q4 FY17

All specific initiatives are reviewed by a senior level executive committee and consistent progress is tracked periodically

# Impact of Initiatives on RoE Tree

	Parameter	Initiatives	Expected Impact
	Loans & Advances	<ul style="list-style-type: none"> <li>COE – Focused Businesses</li> <li>COE – Digital &amp; Data Analytics</li> <li>Divestment of non-core businesses</li> </ul>	<ul style="list-style-type: none"> <li>Realignment of portfolio towards focused businesses</li> <li>Profitable growth within the focused businesses</li> </ul>
	Income	<ul style="list-style-type: none"> <li>COE – Focused Businesses</li> <li>COE – Fee Income</li> <li>COE – Sell-down</li> </ul>	<ul style="list-style-type: none"> <li>Maximize top line through high yielding assets in Rural and Housing Businesses</li> <li>Augment income through fee and syndication income in Wholesale Business</li> </ul>
—	Operating Expenses	<ul style="list-style-type: none"> <li>Cost Optimization</li> </ul>	<ul style="list-style-type: none"> <li>Cost saving by cutting redundancies</li> <li>Cost optimization through increased efficiency and reinvestment of cost saved</li> </ul>
—	Credit Cost	<ul style="list-style-type: none"> <li>Divestment of non-core businesses</li> <li>COE – Risk Management</li> </ul>	<ul style="list-style-type: none"> <li>Risk framework to set guardrails within which each business would achieve profitable growth</li> <li>Analytics to further enhance early warning capability</li> </ul>
=	Return on Assets		
×	Leverage	<ul style="list-style-type: none"> <li>Divestment of non-core businesses</li> <li>Merger of entities</li> </ul>	<ul style="list-style-type: none"> <li>Reallocation of capital towards high RoE businesses</li> <li>Ability to leverage further as credit cost comes down</li> </ul>
=	Return on Equity		

**L&T Finance Holdings – Strategy Roadmap Recap**

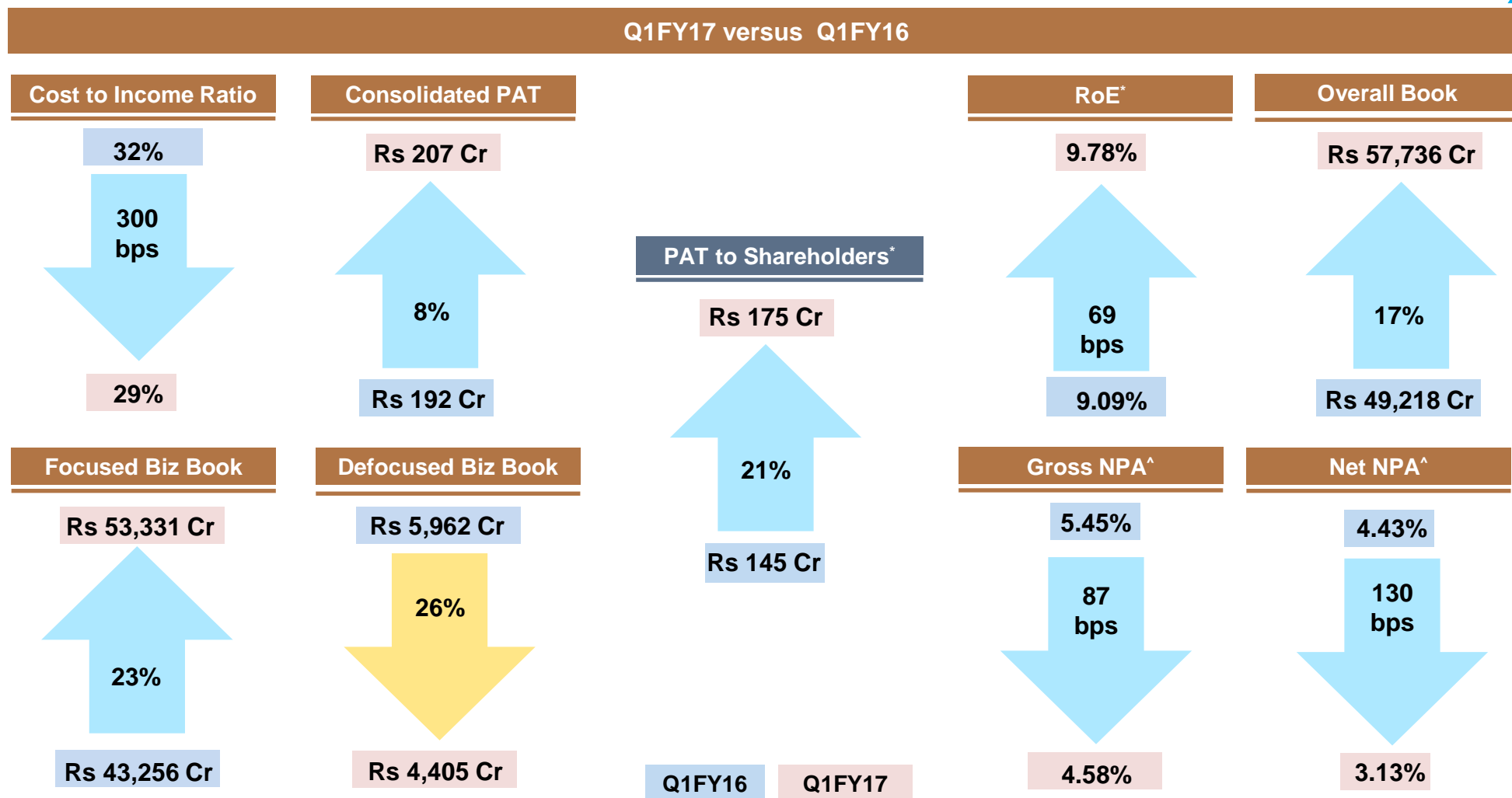
**Progress on Specific Initiatives**

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# LTFH Consolidated – Financial Performance Highlights



# LTFH Consolidated – Capital Allocation & RoE Bridge

Q1FY16			Business Segments (Rs Cr)	Q1FY17			PAT Y-o-Y (%)
PAT	Net Worth	RoE		PAT	Net Worth	RoE	
45	1,120	16.53%	Rural Business	67	1,234	21.99%	49%
16	692	9.66%**	Housing Business	39	1,058	15.04%	141%
132	4,107	13.05%	Wholesale Business	129	4,631	11.36%	(2%)
<b>193</b>	<b>5,919</b>	<b>13.22%</b>	<b>Focus Business</b>	<b>235</b>	<b>6,923</b>	<b>13.81%</b>	<b>21%</b>
(16)	891	(6.82%)	De-focussed Business	(36)	635	(21.70%)	-
<b>178</b>	<b>6,810</b>	<b>10.57%</b>	<b>Lending Businesses</b>	<b>198</b>	<b>7,558</b>	<b>10.66%</b>	<b>12%</b>
15	1,718 <sup>1</sup>	4.25%	Other Businesses <sup>&amp;</sup>	9	1,059	3.47%	(43%)
192	8,528	9.48%	<b>LTFH Consol. (Reported)</b>	207	8,617	9.82%	8%
47	1,963	-	Less Pref. Div. / Pref. Cap	32	1,213	-	(32%)
<b>145</b>	<b>6,517</b>	<b>9.09%</b>	<b>LTFH Consol. (To Shareholders) *</b>	<b>175</b>	<b>7,253</b>	<b>9.78%</b>	<b>21%</b>

- Rural Business: Increase in proportion of Microfinance and TW leading to improved NIM; improved opex % achieved through Cost Optimization initiatives have led to improved RoE
- Housing Business: Higher yield achieved through increased LAP and Real Estate Finance leading to improved RoE
- Drag of non-core products continues; would sequentially fade away with divestment/rundown
- <sup>1</sup>Part repayment of Preference Capital has improved capital efficiency

\* 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 and share warrant money

<sup>&</sup> Other Businesses include Mutual Fund, Wealth Management, Private Equity, L&T Vrindavan, L&T Access and LTFH Standalone

\*\* Adjusted for one time expense RoE is 12%

**L&T Finance Holdings – Strategy Roadmap Recap**

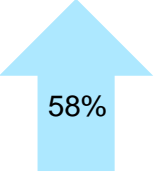
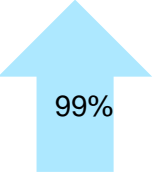
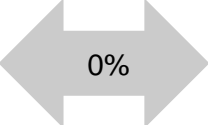
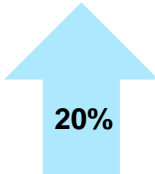
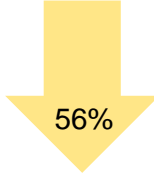
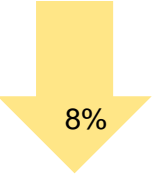
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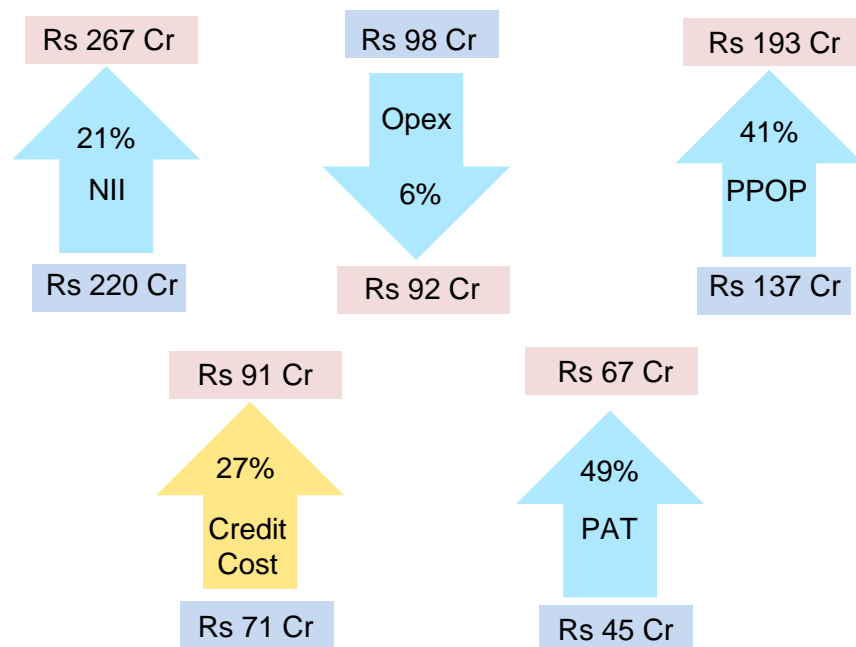
# Rural Business – Market Scenario and Outlook

Segment	Q1FY17 v/s Q1FY16		Management Discussion
	Disbursements	Loan Book	
Micro Finance	Rs 767 Cr  58% Rs 485 Cr	Rs 2,421 Cr  99% Rs 1,213 Cr	<ul style="list-style-type: none"> <li>Market expected to grow at 30%-40% annually</li> <li>Digitized customer acquisition process using mobility solutions</li> <li>100% Aadhar based KYC to minimize multiple lending</li> </ul>
2 Wheelers	Rs 349 Cr  0% Rs 348 Cr	Rs 1,770 Cr  20% Rs 1,478 Cr	<ul style="list-style-type: none"> <li>Markets expected to grow at 10%-12%</li> <li>Continued focus on profitability by reducing opex and focus on early bucket collection efficiency exhibiting early results</li> <li>Right growth model established in the marketplace towards combination of profitability and growth</li> <li>Delivering customer proposition though improved TAT</li> </ul>
Farm Equipment	Rs 819 Cr  56% Rs 360 Cr	Rs 4,796 Cr  8% Rs 4,394 Cr	<ul style="list-style-type: none"> <li>Ceded market share in specific high risk geographies based on analytics and risk framework</li> <li>Good monsoon expected to improve sentiments - market growth by 5%-6%</li> <li>As fundamentals in the sector improve we would push market share and growth in subsequent quarters</li> </ul>
Book growth of 15% - from Rs 7,486 Cr to Rs 8,586 Cr			

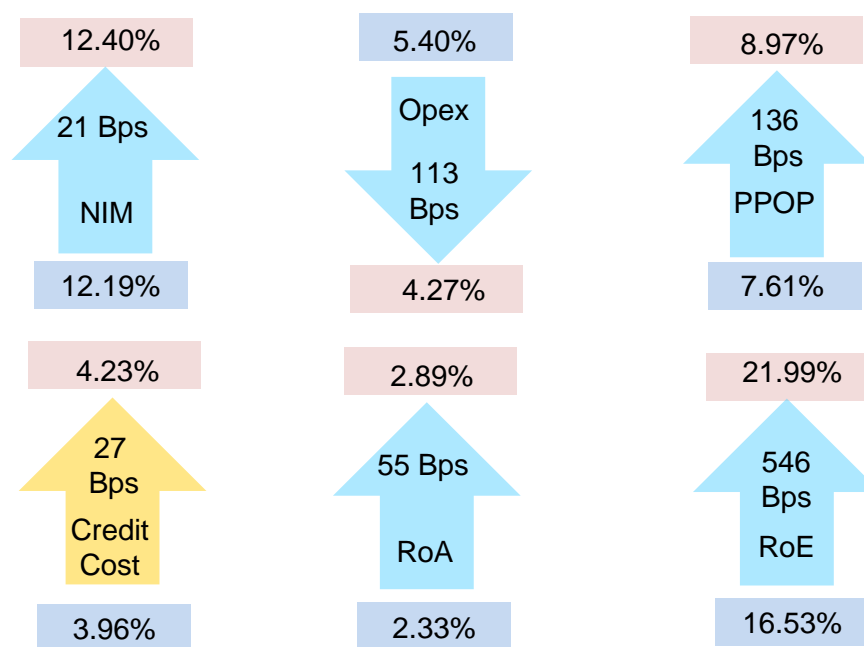


# Rural Business – Performance Highlights

## Key Financial Metrics (Q1FY17 v/s Q1FY16)



## Key Ratios (Q1FY17 v/s Q1FY16)

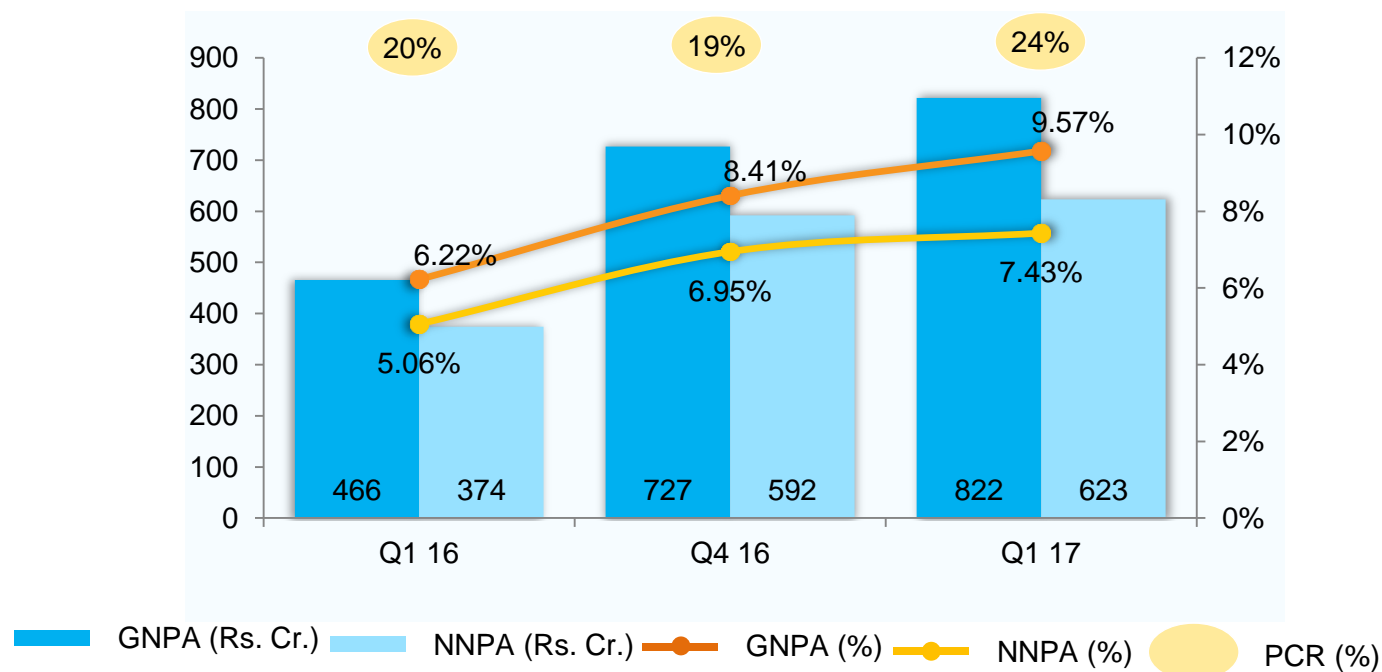


- Increase in NII resulting from higher proportion of Micro finance and 2W finance
- Despite this, Opex has reduced by 113 Bps as initiatives on improving productivity have already started yielding results. Gives us the ability to invest in core growth businesses
- Gradual reduction in Farm credit losses as we experience couple of good crop cycles



# Rural Business – Asset Quality

Asset Quality Indicators – 120 DPD



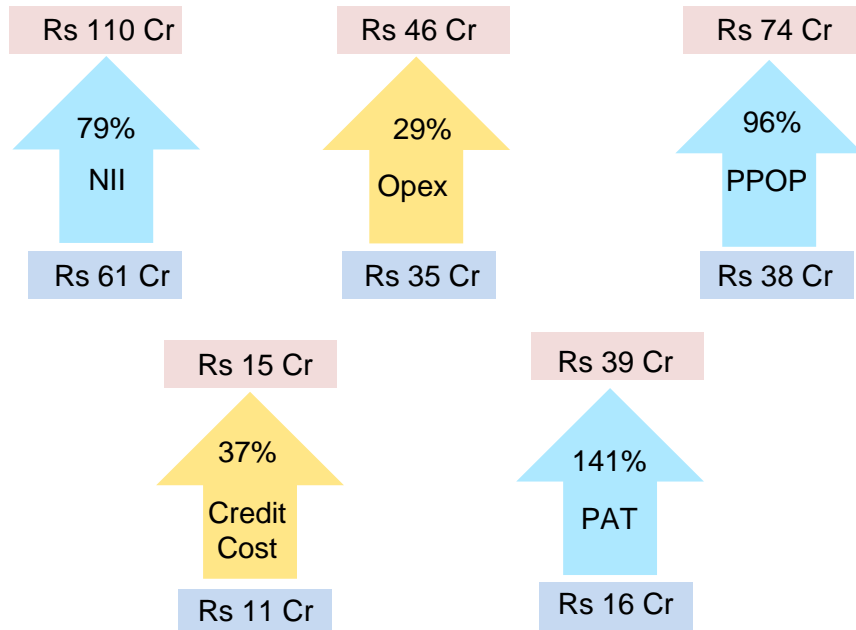
- Increase in the GNPA levels is primarily due to the cyclical nature of farm sector in Q1
- With three continuous bad crop cycles, the farmers' input costs have increased more rapidly than his income
- Although, the current monsoon season seems to be progressing well, gradual reduction in the farm credit losses can be expected as we experience couple of good crop cycles

# Housing Business – Market Scenario and Outlook

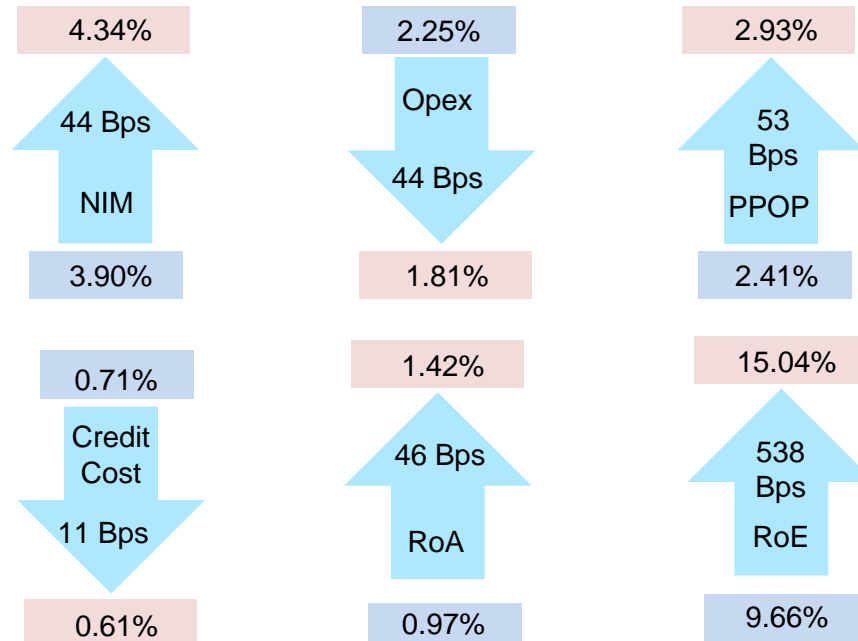
Segment	Q1FY17 v/s Q1FY16		Management Discussion
	Disbursements	Loan Book	
Home Loans & LAP	Rs 681 Cr	Rs 6624 Cr	<ul style="list-style-type: none"> <li>Strategic shift from a much broader segment of customers to primarily self employed segment</li> <li>Redesigned process has improved TAT</li> <li>Risk framework strengthened to support this strategy</li> <li>Disbursement run-rate remains steady despite major change in target segment</li> </ul>
	↓ 4%	↑ 60%	
	Rs 652 Cr	Rs 4,146 Cr	
Real Estate Finance	Rs 955 Cr	Rs 3,784 Cr	<ul style="list-style-type: none"> <li>Pipeline for disbursements remains strong with substantial sanctions happening in the last fortnight of the quarter; conversion into disbursal expected in Q2</li> </ul>
	↓ 59%	↑ 44%	
	Rs 393 Cr	Rs 2,635Cr	
Book growth of 53% - from Rs 6,781 Cr to Rs 10,408 Cr			
	Q1FY16	Q1FY17	

# Housing Business – Performance Highlights

## Key Financial Metrics (Q1FY17 v/s Q1FY16)



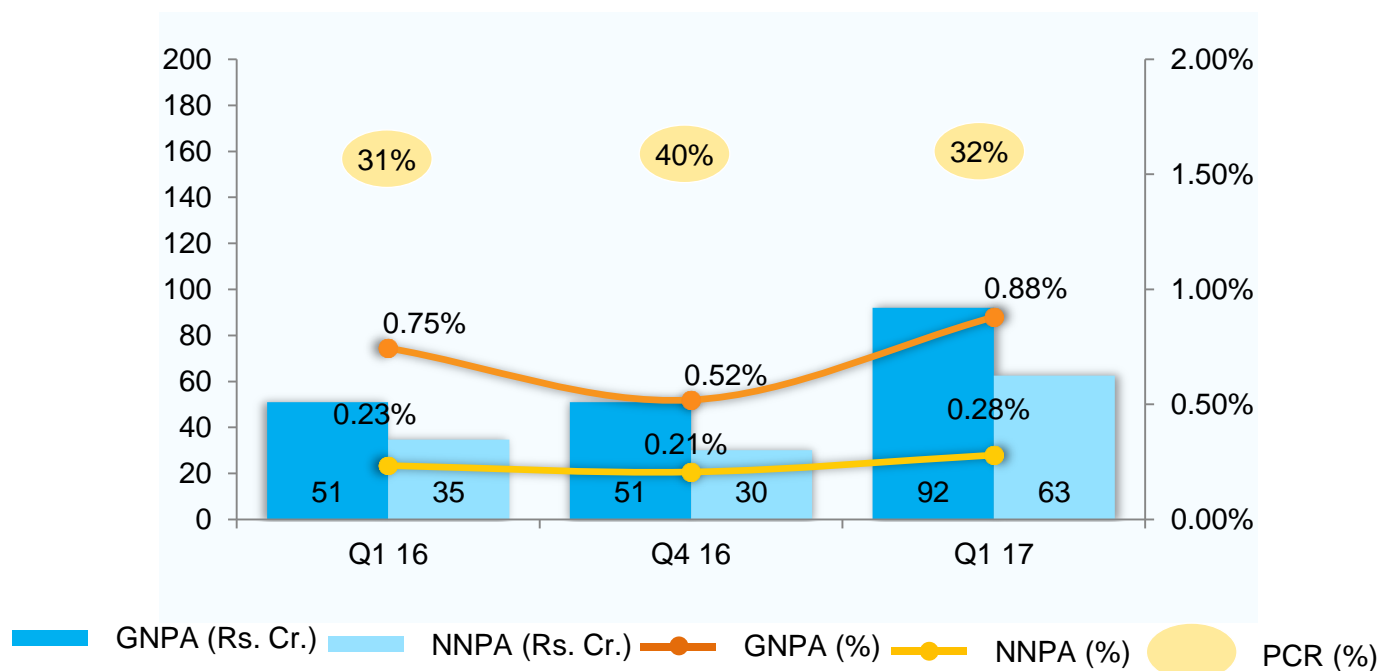
## Key Ratios (Q1FY17 v/s Q1FY16)



- Healthy improvement in NIM due to shift towards Self-Employed Non professional (SENP) segment and LAP products
- Improvement in Opex due to organizational focus on cost efficiency
- Credit cost continues to be stable

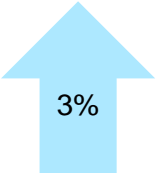
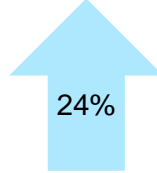
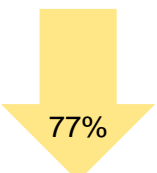
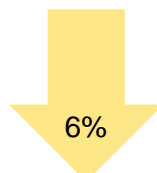
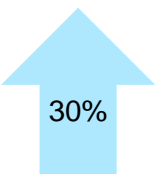
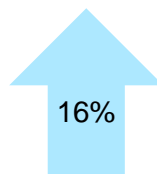
# Housing Business – Asset Quality

## Asset Quality \*



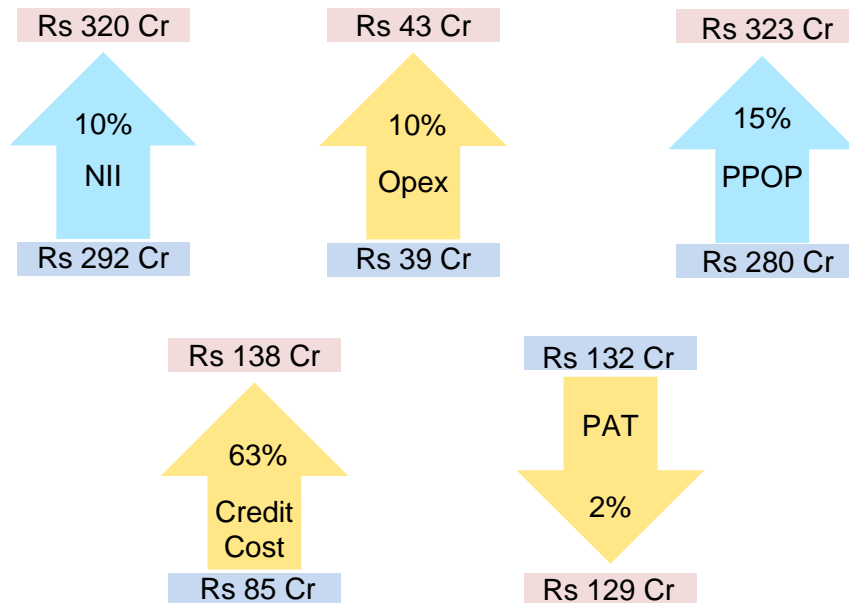
- While there is increase over March levels, the overall GNPA levels continue to be in line with the SENP led strategy
- The GNPA% in our organic portfolio is at 0.64% in Q1FY17
- Overall, book quality would continue to remain robust

# Wholesale Business – Market Scenario and Outlook

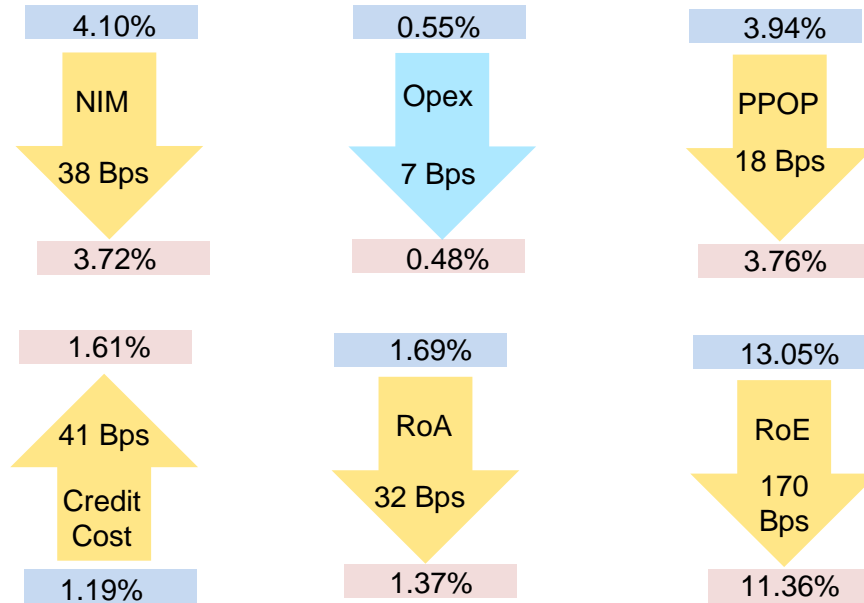
Segment	Q1FY17 v/s Q1FY16		Management Discussion
	Disbursements	Loan Book	
Infra Finance	Rs 2,112 Cr	Rs 27,557 Cr	<ul style="list-style-type: none"> <li><b>Roads:</b> HAM road projects attractive from a risk – return perspective : 17 HAM projects worth ~Rs 12,300 Cr awarded during Dec'15 – Jun'16</li> <li><b>Renewables:</b> Increased receivable cycles in certain states – opportunities in greenfield solar and refinancing of renewable power projects</li> <li>Focus on large underwriting deals and refinancing of operational projects using the IDF platform</li> </ul>
	 3%	 24%	
	Rs 2,060 Cr	Rs 22,215 Cr	
Structured Corporate Finance	Rs 1,029 Cr	Rs 4,951 Cr	<ul style="list-style-type: none"> <li>Given our selective approach in this product, it tends to be lumpy in nature –comparatively, Q1 FY'16 had some large disbursements</li> <li>Growth in corporate bond market creating opportunities for origination and down selling of bonds</li> <li>Exploring opportunities for high yield mezzanine financing to bridge equity requirements</li> </ul>
	 77%	 6%	
	Rs 233 Cr	Rs 4,669 Cr	
Supply Chain Finance	Rs 2,812 Cr	Rs 2,110 Cr	<ul style="list-style-type: none"> <li>Increased consumption demand and government capital spending will be prime growth drivers</li> <li>Stress on yields as banks see this as a relatively scalable area and are extremely aggressive</li> <li>This product is expected to yield steady volumes and profitability</li> </ul>
	 30%	 16%	
	Rs 2,164 Cr	Rs 1,823 Cr	
Book growth of 18% - from Rs 28,989 Cr to Rs 34,336 Cr			

# Wholesale Business – Performance Highlights

## Key Financial Metrics (Q1FY17 v/s Q1FY16)



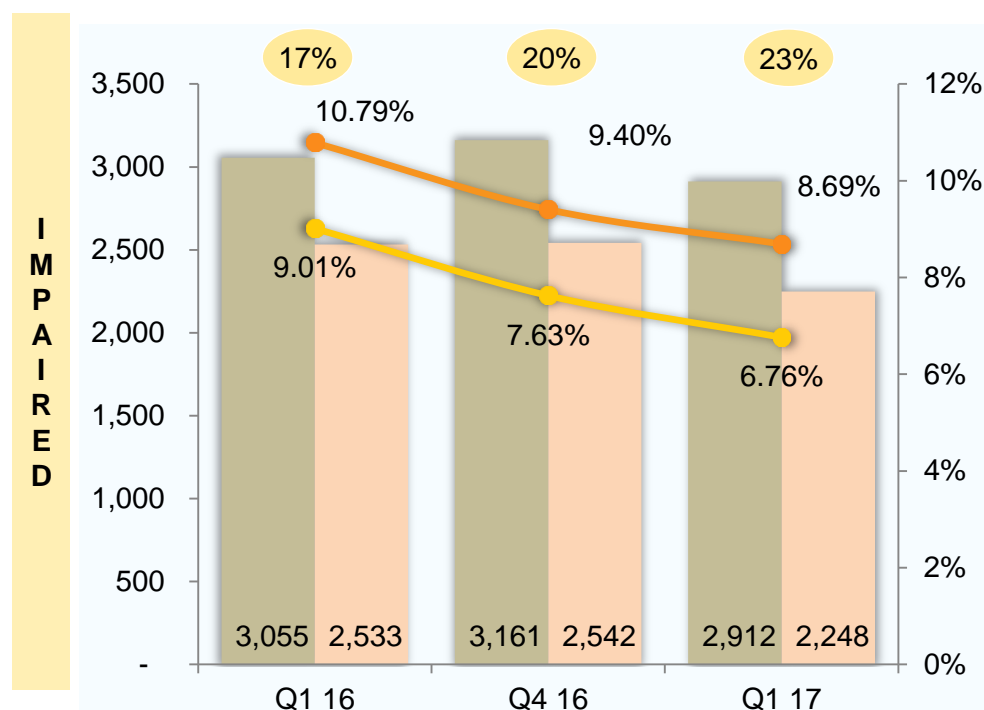
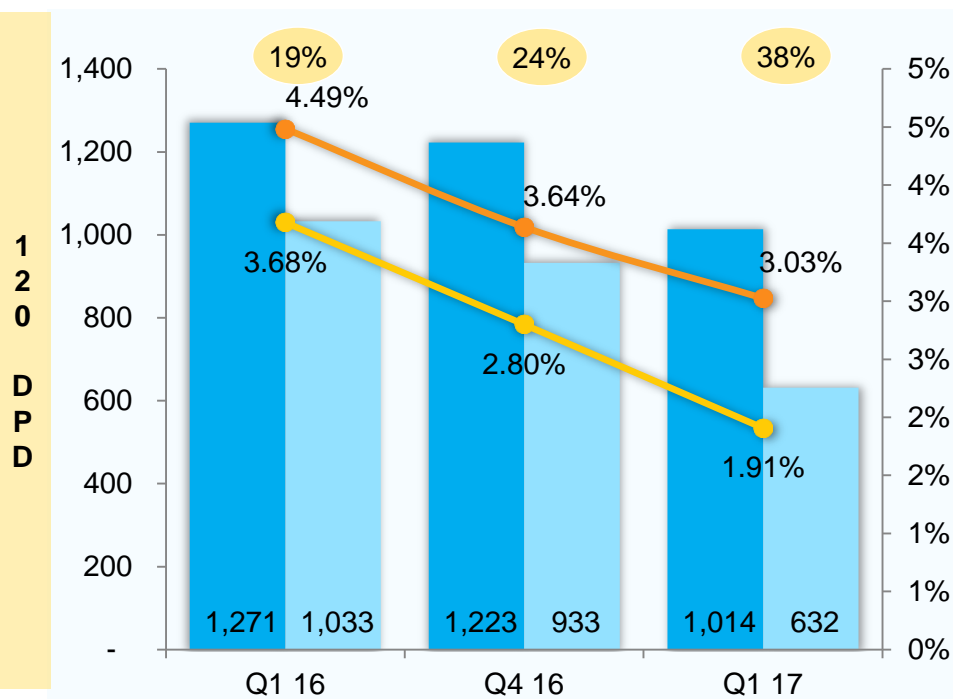
## Key Ratios (Q1FY17 v/s Q1FY16)



- Reduction in NIMs is reflective of our growth in IDF portfolio and increasing proportion of operational assets
- Fee Income continues to be healthy contributing to improved PPOP
- Of the 41 Bps increase (increase of Rs 53 Cr) in credit cost, Rs.40Cr is voluntary

# Wholesale Business – Asset Quality

## Asset Quality Indicators



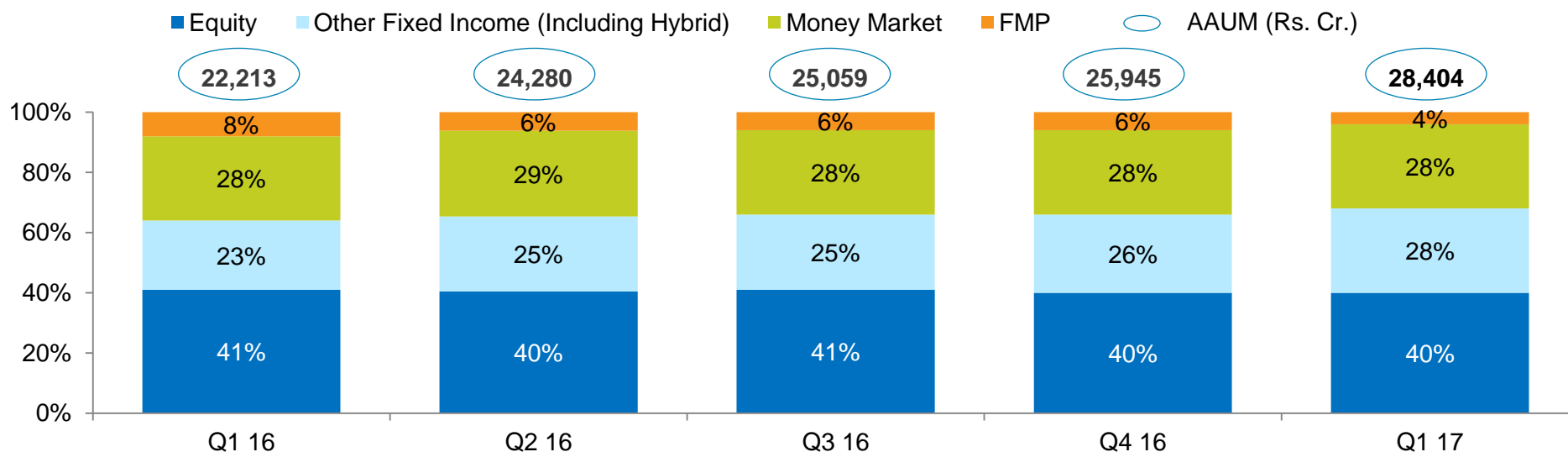
- Provision Coverage Ratio on total impaired assets has improved from 17% in Q1 FY16 to 23% in Q1 FY17



# Investment Management

## L&T Mutual Fund

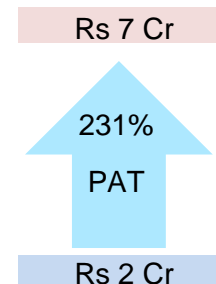
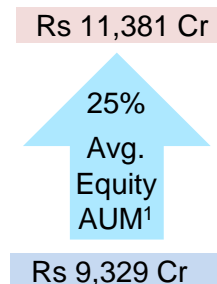
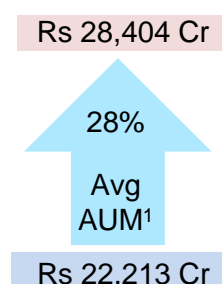
- Diversified investor base of ~9 lakh accounts based out of 500+ districts with a branch network spanning 60 cities
- Comprehensive portfolio, with 29+ funds across asset classes, risk profiles and time horizons



- Average AUM at Rs. 28,404 Cr represents a 28% increase on a Y-o-Y basis
  - Equity AAUM grows by 25% on a Y-o-Y basis to reach Rs 11,381 Cr led by strong net inflows
  - Ranked 11<sup>th</sup> amongst Equity Funds
  - Core assets (Equity & Other Fixed Income) increase to 68% of AAUM from 64% in Q1FY16

# Investment Management – Performance Overview

## Key Financial Metrics (Q1FY17 v/s Q1FY16)



- AAUM growth of 9% on a sequential quarter basis compared to industry growth rate of 6%
  - Growth led by net inflows across all product categories; aided by good and consistent fund performance
- Focus to remain on growing core assets and the SIP book
- Opex control through efficient spends and optimal cost structures to continue

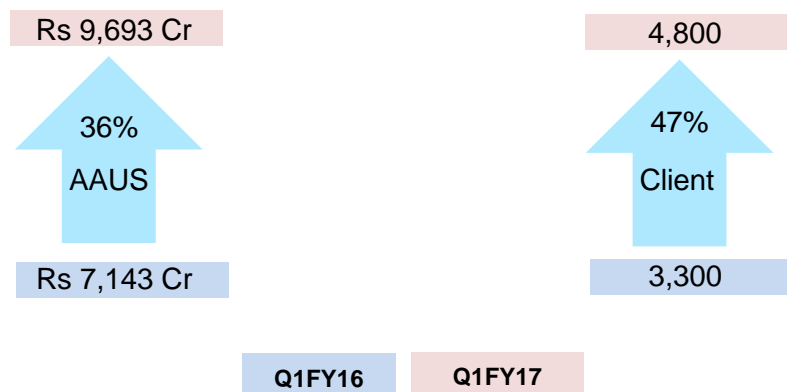
**AMC business contributes positively to the bottom line - strong growth in revenues and optimal cost structures**

# Wealth Management – On the Path of Steady Growth

## Profile

- L&T Capital Markets Ltd (LTCM) is one of the fastest growing Wealth Management companies in India with presence across 9 major locations in India
- **Ranked 6<sup>th</sup>** Best Private Bank (Overall) and **Ranked 1<sup>st</sup>** 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
- With product offerings and operations platform reaching a matured stage, thrust is on gaining a larger share of the client's allocations and increasing profitability

## Key Metrics (Q1FY17 v/s Q1FY16)



# Conclusion & outlook

- ❖ The strategy to do the right businesses using the right structures and through the right people is under active implementation – consistent progress seen on the specific initiatives
- ❖ PAT to Shareholders improved by 21% in Q1FY17 as against Q1FY16
- ❖ Loans and advances in focused business grew by 23% vs. 26% decline in the de-focused business; overall growth in loans & advances is 17%
- ❖ The drag on RoE from the de-emphasized products would pare off over the subsequent quarters as we divest/run-down
- ❖ Divestment of de-emphasized portfolio and merger of entities would lead to optimal utilization of capital – expected to be completed by end of this financial year

**L&T Finance Holdings – Strategy Roadmap Recap**

**Progress on Specific Initiatives**

**L&T Finance Holdings – Financial Performance**

**Performance and Outlook – By Business**

**Appendix**

# Lending Business – Segment Wise Disbursement Split

Disbursements				
Q1FY16	Q4FY16	Segments (Rs. Cr. )	Q1FY17	Y-o-Y (%)
485	954	Microfinance	767	58%
819	417	Farm Equipment	360	(56%)
349	381	2W Finance	348	(0%)
<b>1,653</b>	<b>1,753</b>	<b>Rural Finance</b>	<b>1,475</b>	<b>(11%)</b>
681	1,138	Home Loans / LAP	652	(4%)
955	460	Real Estate Finance	393	(59%)
<b>1,636</b>	<b>1,598</b>	<b>Housing Finance</b>	<b>1,045</b>	<b>(36%)</b>
2,060	3,189	Infrastructure Finance	2,112	3%
1,029	570	Structured Corp Finance	233	(77%)
2,164	3,079	Supply Chain Finance	2,812	30%
<b>5,253</b>	<b>6,838</b>	<b>Wholesale Finance</b>	<b>5,156</b>	<b>(2%)</b>
<b>8,542</b>	<b>10,189</b>	<b>Focused Business</b>	<b>7,677</b>	<b>(10%)</b>
302	499	De-focused Products	35	(89%)
<b>8,845</b>	<b>10,688</b>	<b>Total</b>	<b>7,711</b>	<b>(13%)</b>

- Disbursement reduced by 13% due to:
  - Negligible disbursement in non core products (3% impact)
  - Farm sector continues to be muted (5% impact)
  - Large ticket transactions have moved forward resulting into healthy pipeline for Q2 and Q3

# Lending Business – Segment Wise Book Split

Loans & Advances						
Q1FY16	Q1FY16(%)	Q4FY16	Segments (Rs. Cr. )	Q1FY17	Q1FY17(%)	Y-o-Y (%)
1,213	2%	2,234	Microfinance	2,421	4%	99%
1,478	3%	1,761	2W Finance	1,770	3%	19%
4,796	10%	4,649	Farm Equipment	4,394	8%	-8%
<b>7,486</b>	<b>15%</b>	<b>8,644</b>	<b>Rural Finance</b>	<b>8,586</b>	<b>15%</b>	<b>15%</b>
4,146	8%	6,313	Home Loans / LAP	6,624	11%	60%
2,635	5%	3,498	Real Estate Finance	3,784	7%	44%
<b>6,781</b>	<b>14%</b>	<b>9,811</b>	<b>Housing Finance</b>	<b>10,408</b>	<b>18%</b>	<b>53%</b>
22,215	45%	27,179	Infrastructure Finance	27,557	48%	24%
4,951	10%	4,979	Structured Corp Finance	4,669	8%	-6%
1,823	4%	2,287	Supply Chain Finance	2,110	4%	16%
<b>28,989</b>	<b>59%</b>	<b>34,445</b>	<b>Wholesale Finance</b>	<b>34,336</b>	<b>59%</b>	<b>18%</b>
<b>43,256</b>	<b>88%</b>	<b>52,900</b>	<b>Focused Products</b>	<b>53,331</b>	<b>92%</b>	<b>23%</b>
5,962	12%	4,931	De-focused Products	4,405	8%	-26%
<b>49,218</b>	<b>100%</b>	<b>57,831</b>	<b>Total</b>	<b>57,736</b>	<b>100%</b>	<b>17%</b>

- Non Core products book size share down from 12% to 8%
- Strong growth continues in Microfinance and expected to maintain growth for rest of the year
- Contribution from housing finance business expected to increase

# Lending Business – Summary Financials

P&L Summary				
Q1FY16	Q4FY16	Summary P&L (Rs. Cr. )	Q1FY17	Y-o-Y
1,656	1,896	Interest Income	1,907	15%
976	1,112	Interest Expense	1,140	17%
680	784	NIM	768	13%
37	74	Fee Income	50	34%
15	24	Other Income	25	67%
220	236	Operating Expense	223	1%
512	646	Earnings before credit cost	620	21%
249	326	Credit Cost	329	32%
178	227	PAT	198	12%

Balance Sheet Summary				
Q1FY16	Q4FY16	Balance Sheet (Rs. Cr. )	Q1FY17	Y-o-Y
53,362	62,014	Total Assets	63,577	19%
49,218	57,831	Gross Loans & Advances	57,736	17%
43,818	50,914	Borrowings	52,783	20%
6,810	7,362	Networth	7,558	11%

## Comments

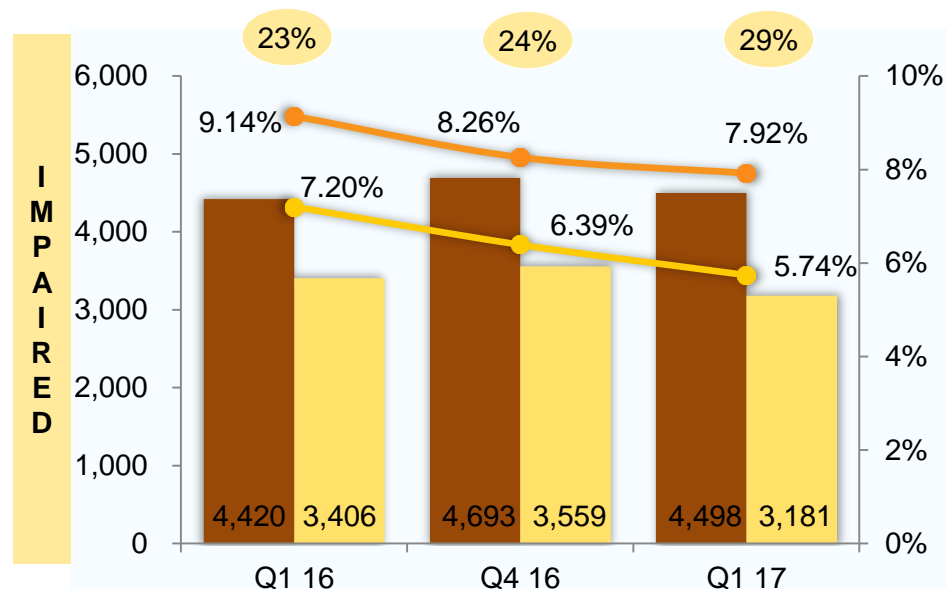
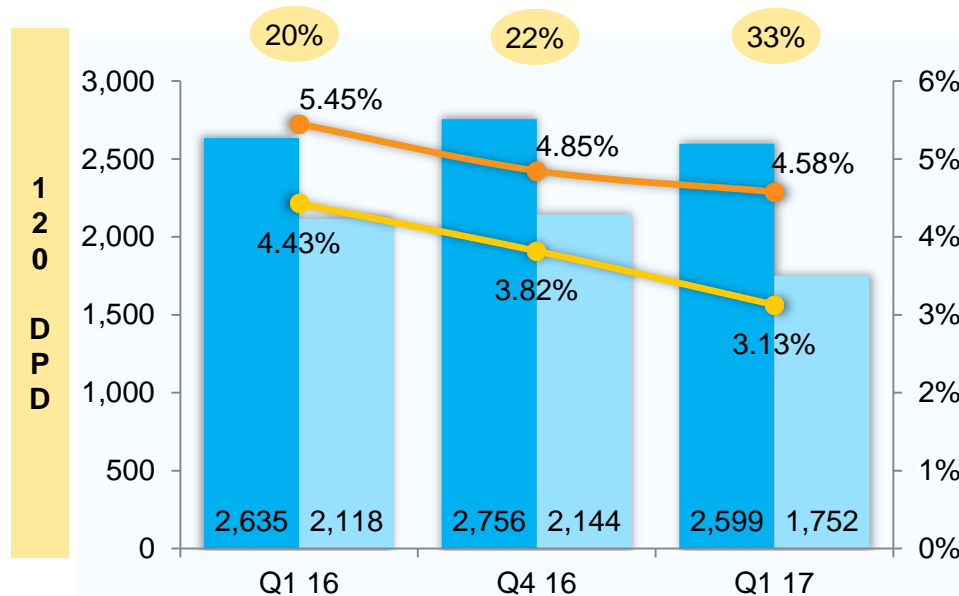
○ All parameters are in line with asset growth

○ Opex initiatives have started showing results



# Lending Business – Asset Quality

Asset Quality Indicators



- Sequential as well as Y-o-Y improvement in book quality

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

# Lending Business – Key Ratios

Key Ratios				Comments
Q1FY16	Q4FY16	Key Ratios	Q1FY17	
13.74%	13.36%	Yield	13.20%	
9.14%	8.91%	Cost of Funds	8.79%	
<b>5.64%</b>	<b>5.58%</b>	<b>Net Interest Margin</b>	<b>5.31%</b>	
0.31%	0.52%	Fee Income	0.35%	
0.13%	0.17%	Other Income	0.17%	
1.82%	1.66%	<b>Operating Expenses</b>	1.54%	○ Reduction in Opex due to better cost efficiency
<b>4.25%</b>	<b>4.55%</b>	<b>Earnings before credit cost</b>	<b>4.29%</b>	
2.07%	2.30%	Credit Cost	2.28%	
1.36%	1.49%	Return on Assets	1.27%	
6.43	6.92	Debt / Equity	6.98	○ Drag from rundown portfolio has dampened RoE uptick of focus businesses
10.57%	<b>12.52%</b>	<b>Return on Equity</b>	<b>10.66%</b>	

As of March 2016			CRAR Ratios	As of June 2016		
Tier I	Tier II	CRAR	Entity	Tier I	Tier II	CRAR
13.38%	5.89%	19.28%	L&T Finance Ltd.	14.74%	2.58%	17.33%
13.38%	5.89%	19.28%	L&T Infra. Finance Ltd.	13.68%	5.64%	19.32%
13.72%	3.44%	17.17%	L&T FinCorp Ltd.	14.36%	4.87%	19.23%
90.63%	18.42%	109.05%	L&T IDF Ltd.	36.99%	6.41%	43.40%
13.38%	5.89%	19.28%	Family Credit Ltd.	11.87%	4.46%	16.33%
13.38%	5.89%	19.28%	L&T Housing Finance Ltd.	10.07%	4.36%	14.43%

# Rural Business – Summary Financials

P&L Summary				
Q1FY16	Q4FY16	Summary P&L (Rs. Cr. )	Q1FY17	Y-o-Y
364	434	Interest Income	433	19%
143	162	Interest Expense	166	16%
220	272	NIM	267	21%
15	22	Fee Income	13	(9%)
-	-	Other Income	5	-
98	95	Operating Expense	92	(6%)
137	199	Earnings before credit cost	193	41%
71	104	Credit Cost	91	27%
45	63	PAT	67	49%

Comments
<ul style="list-style-type: none"> <li>Operating expense down on absolute basis due to organization focus on opex optimization</li> <li>Credit cost in farm sector may continue to be elevated for a couple of quarters till kharif crop money comes in the hands of the farmers</li> <li>Will take at least 2 good monsoons for situation to get back to steady state level</li> </ul>

Balance Sheet Summary				
Q1FY16	Q4FY16	Balance Sheet (Rs. Cr. )	Q1FY17	Y-o-Y
8,003	9,152	Total Assets	9,327	17%
7,486	8,644	Gross Loans & Advances	8,586	15%
6,469	7,329	Borrowings	7,574	17%
1,120	1,192	Networth	1,234	10%

# Rural Business – Key Ratios

Key Ratios			
Q1FY16	Q4FY16	Key Ratios	Q1FY17
20.14%	20.64%	Yield	20.11%
9.25%	9.05%	Cost of Funds	8.91%
<b>12.19%</b>	<b>12.94%</b>	<b>Net Interest Margin</b>	<b>12.40%</b>
0.82%	1.04%	Fee Income	0.62%
0.00%	0.00%	Other Income	0.21%
5.40%	4.53%	<b>Operating Expenses</b>	4.27%
<b>7.61%</b>	<b>9.46%</b>	<b>Earnings before credit cost</b>	<b>8.97%</b>
3.96%	4.93%	Credit Cost	4.23%
2.33%	2.81%	Return on Assets	2.89%
5.78	6.15	Debt / Equity	6.15
<b>16.53%</b>	<b>21.68%</b>	<b>Return on Equity</b>	<b>21.99%</b>

## Comments

○ Healthy NIM due to intrinsic strength in core products

○ Improvement in ROE due to healthy NIMs and better cost efficiency. Earnings before credit cost reflects a smart uptick

# Housing Business – Summary Financials

P&L Summary				
Q1FY16	Q4FY16	Summary P&L (Rs. Cr. )	Q1FY17	Y-o-Y
185	288	Interest Income	307	66%
124	178	Interest Expense	197	59%
61	109	NIM	110	79%
12	15	Fee Income	10	(15%)
35	47	Operating Expense	46	29%
38	77	Earnings before credit cost	74	96%
11	(4)	Credit Cost	15	37%
16	51	PAT	39	141%

## Comments

- Strategy of focus on SENP segment leading to improvement in NIMs despite higher leverage

Balance Sheet Summary				
Q1FY16	Q4FY16	Balance Sheet (Rs. Cr. )	Q1FY17	Y-o-Y
7,030	10,615	Total Assets	11,013	57%
6,781	9,811	Gross Loans & Advances	10,408	53%
5,879	8,829	Borrowings	9,375	59%
692	991	Networth	1,058	53%

# Housing Business – Key Ratios

Key Ratios			
Q1FY16	Q4FY16	Key Ratios	Q1FY17
11.77%	12.46%	Yield	12.14%
9.08%	8.67%	Cost of Funds	8.66%
<b>3.90%</b>	<b>4.74%</b>	<b>Net Interest Margin</b>	<b>4.34%</b>
0.76%	0.63%	Fee Income	0.40%
2.25%	2.06%	<b>Operating Expenses</b>	1.81%
<b>2.41%</b>	<b>3.32%</b>	<b>Earnings before credit cost</b>	<b>2.93%</b>
0.71%	-0.16%	Credit Cost	0.61%
0.97%	2.05%	Return on Assets	1.42%
8.50	8.91	Debt / Equity	8.86
<b>9.66%</b>	<b>21.16%</b>	<b>Return on Equity</b>	<b>15.04%</b>

## Comments

○ NIMs reflective of higher share of construction finance and SENP business

○ Absolute opex down smartly due to push for cost efficiency and greater use of group synergy

# Wholesale Business – Segment Wise Split

DISBURSEMENT

Sectors (Rs. Cr. )	Q1FY16	Q4FY16	Q1FY17	Y-o-Y	Comments
Renewable Power	1,112	1,683	1,188	7%	○ 84% of Infra finance disbursements are in renewables, roads in Q1 FY'17
Transport	335	395	596	78%	
Power – Thermal	189	429	93	-51%	
Power – Corp <sup>2</sup> + T&D	334	173	136	-59%	
Others <sup>1</sup>	89	510	100	13%	○ 48% of Q1FY17 Infra finance disbursements are in operating projects
Structured Corp. Fin.	1,029	570	233	-77%	
Supply Chain Finance	2,164	3,079	2,812	30%	
<b>Total</b>	<b>5,253</b>	<b>6,839</b>	<b>5,156</b>	<b>-2%</b>	
<b>Net Disbursement</b>	<b>4,710</b>	<b>5,974</b>	<b>4,561</b>	<b>-3%</b>	

LOAN BOOK

Sectors (Rs. Cr. )	Q1FY16	Q1FY16(%)	Q4FY16	Q1FY17	Q1FY17 (%)	Y-o-Y (%)
Renewable Power	6,387	22%	9,387	9,974	29%	56%
Transport	4,695	16%	6,178	6,385	19%	36%
Power – Thermal	3,138	11%	3,652	3,936	11%	25%
Power – Corp <sup>2</sup> + T&D	2,438	8%	2,404	2,423	7%	-1%
Others <sup>1</sup>	5,558	19%	5,559	4,839	14%	-13%
Structured Corp. Fin.	4,951	17%	4,977	4,669	14%	-6%
Supply Chain Fin	1,823	6%	2,287	2,110	6%	16%
<b>Total</b>	<b>28,988</b>	<b>100%</b>	<b>34,444</b>	<b>34,336</b>	<b>100%</b>	<b>18%</b>

<sup>38</sup> Others includes IT parks, infra project implementers, telecom, captive mining for power projects, healthcare, solid waste management, water treatment, select hotels, real estate, bonds etc.

<sup>2</sup> Corporate loans to Power companies

# Wholesale Business – Summary Financials

## P&L Summary

Q1FY16	Q4FY16	Summary P&L (Rs. Cr. )	Q1FY17	Y-o-Y
878	989	Interest Income	1,006	15%
586	675	Interest Expense	686	17%
292	314	NIM	320	10%
13	36	Fee Income	26	105%
15	24	Other Income	21	37%
39	47	Operating Expense	43	10%
280	327	Earnings before credit cost	323	15%
85	151	Credit Cost	138	63%
132	134	PAT	129	(2%)

## Comments

- Fee income from underwriting DCM continue to see traction

## Balance Sheet Summary

Q1FY16	Q4FY16	Balance Sheet (Rs. Cr. )	Q1FY17	Y-o-Y
31,955	37,026	Total Assets	38,451	20%
28,989	34,445	Gross Loans & Advances	34,336	18%
26,315	30,593	Borrowings	31,955	21%
4,107	4,491	Networth	4,631	13%



# Wholesale Business – Key Ratios

Key Ratios				Comments
Q1FY16	Q4FY16	Key Ratios	Q1FY17	
12.34%	11.62%	Yield	11.70%	○ Decline in NIM due to better leverage and rate cut transmission
9.12%	8.92%	Cost of Funds	8.77%	
<b>4.10%</b>	<b>3.69%</b>	<b>Net Interest Margin</b>	<b>3.72%</b>	
0.18%	0.43%	Fee Income	0.30%	○ No uptick in Opex expected
0.21%	0.29%	Other Income	0.24%	
0.55%	0.56%	<b>Operating Expenses</b>	0.50%	○ Credit cost to remain at elevated levels in current year
<b>3.94%</b>	<b>3.84%</b>	<b>Earnings before credit cost</b>	<b>3.76%</b>	
1.19%	1.78%	Credit Cost	1.61%	○ Marginal decline in RoE due to higher credit cost.
1.69%	1.46%	Return on Assets	1.37%	
6.41	6.81	Debt / Equity	6.90	
<b>13.05%</b>	<b>12.05%</b>	<b>Return on Equity</b>	<b>11.36%</b>	

# Leadership comprises a seasoned board of directors

## Board Of Directors



**Y.M. Deosthalee, *Chairman***

- 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, *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

# Management Team



**Y M Deosthalee**  
Chairman  
43 yrs exp, L&T



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



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



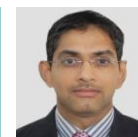
**Parvez Mulla**  
CE - Retail Business  
22 yrs exp, ICICI Bank, ANZ  
Grindlays Bank, Bajaj Auto



**Manoj Shenoy**  
CE - Wealth Management  
Business  
26 yrs exp, EFG Wealth Mgmt,  
Anand Rathii



**Virender Pankaj**  
CE - Wholesale Business  
25 yrs exp, SBI



**Srikanth J**  
CE - Real Estate  
and Supply Chain Business  
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,  
Facilities 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



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



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



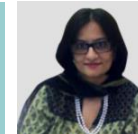
**Soumendra Nath Lahiri**  
CIO - Investment Management  
Business  
26 yrs exp, Canara Robecco  
AMC, Emkay Global



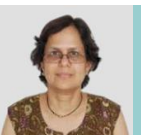
**Raju Dodti**  
Group General Counsel  
18 yrs exp, IDFC Ltd, ABN  
Amro, Soc Gen



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



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



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

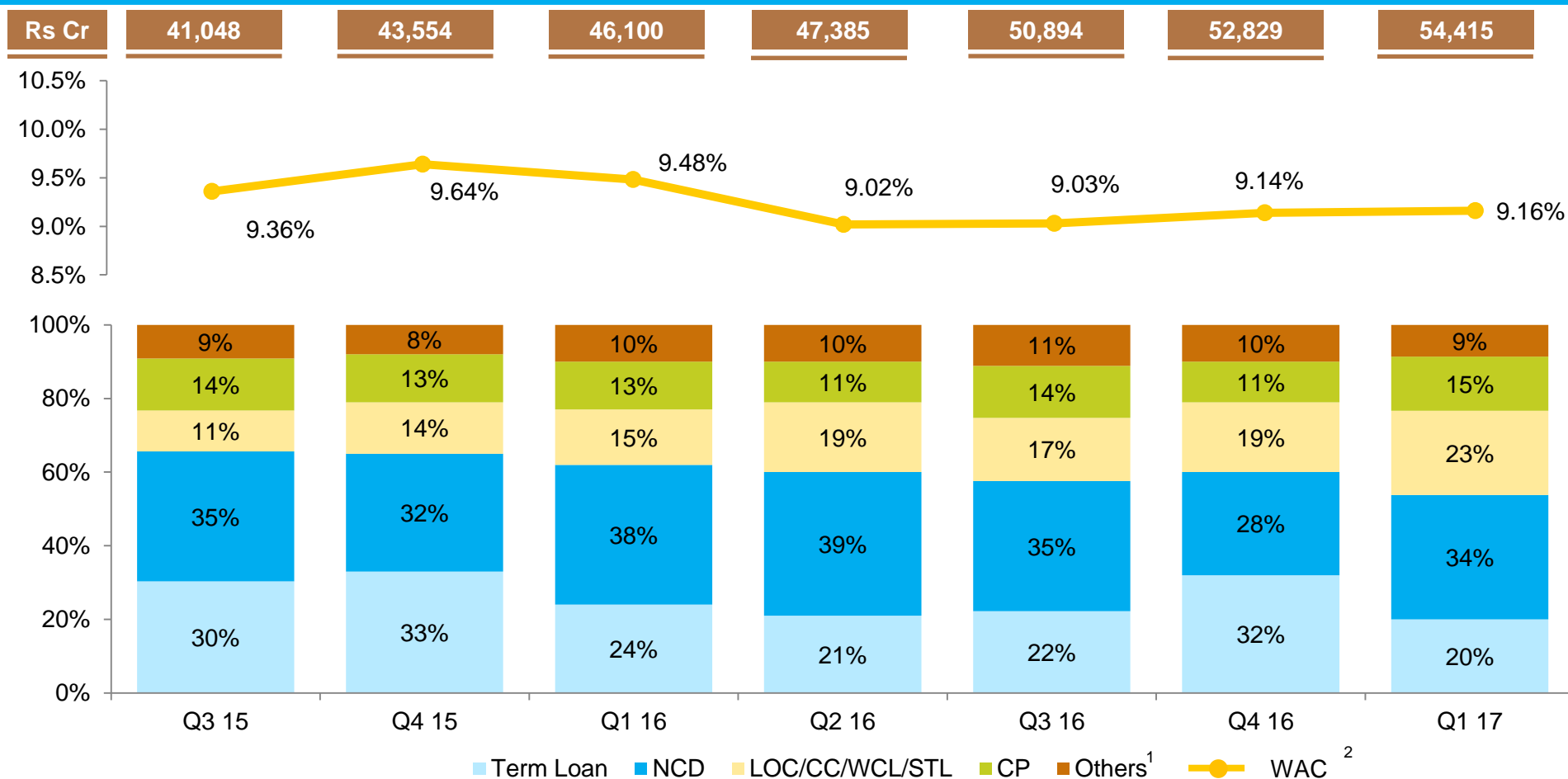


**Shiva Rajaraman**  
BH - IDF and SI  
20 yrs exp, IDFC Ltd, Sanmar  
Group



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

# 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 Jun, 2015		Quarter ended Mar, 2016		Quarter ended Jun, 2016	
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>
Income	6,819	6,697	7,970	8,059	9,053	8,892
Equity (Other than ELSS)	7,881	7,539	9,370	8,884	10,498	9,872
Balanced	0	0	0	0	0	0
Liquid	4,204	6,246	5,804	7,410	6,324	7,966
Gilt	69	65	97	98	111	104
Equity – ELSS	1,627	1,619	1,500	1,463	1,667	1,556
Gold ETF	0	0	0	0	0	0
Other ETF	0	0	0	0	0	0
Fund of Fund Overseas	42	47	31	31	0	13
<b>TOTAL</b>	<b>20,641</b>	<b>22,213</b>	<b>24,772</b>	<b>25,945</b>	<b>27,652</b>	<b>28,404</b>

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

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

# Product Reclassification

Product Classification	Business Platform	Business Segment	Key Sub Products
Previous Representation	<b>Retail</b>	Rural Product Finance	Farm Equipment, Trade Advance, <b>LCV, SCV,</b>
		Personal Vehicle Finance	<b>Cars</b> , 2 Wheelers
		Microfinance	JLG Loans
		Housing Finance	Home Loan, LAP, Construction Finance
		Supply Chain Finance	Short Term Loans, <b>SME Term Loans</b>
		Mid-Market Finance	Term Loans, <b>Leases</b> , LAS, <b>RD</b> , Last Mile RE Finance
		CE / CV Finance	<b>MHCV, CE</b>
	<b>Wholesale Finance</b>	Infrastructure Finance	Renewable, Road, Thermal, Power Corp, Telecom
		Real Estate & SEZ	LRDs, Other RE Finance
		Wholesale - Others	IT Parks, Captive Mines, Healthcare, Hotels, Bonds, Urban Infra, etc.
Current Representation	<b>Rural</b>	Farm Equipment	Farm Equipment, Trade Advance
		2 Wheelers	2 Wheelers
		Microfinance	JLG Loans
	<b>Housing</b>	Home Loans	Self Employed Home loans
		LAP	
		Real Estate Finance	Construction Finance, Last Mile RE Finance, LRDs, Other RE Finance
	<b>Wholesale Finance</b>	Infrastructure Finance	Renewable, Road, Thermal, Power Corp, Telecom
		Structured Corp. Fin.	Term Loans, LAS, Wholesale - Others
		Supply Chain Finance	Short Term Loans
	<b>Defocused Product</b>		<b>Cars, Leases, RD, MHCV, SCV, LCV, CE, SME Term Loans</b>

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

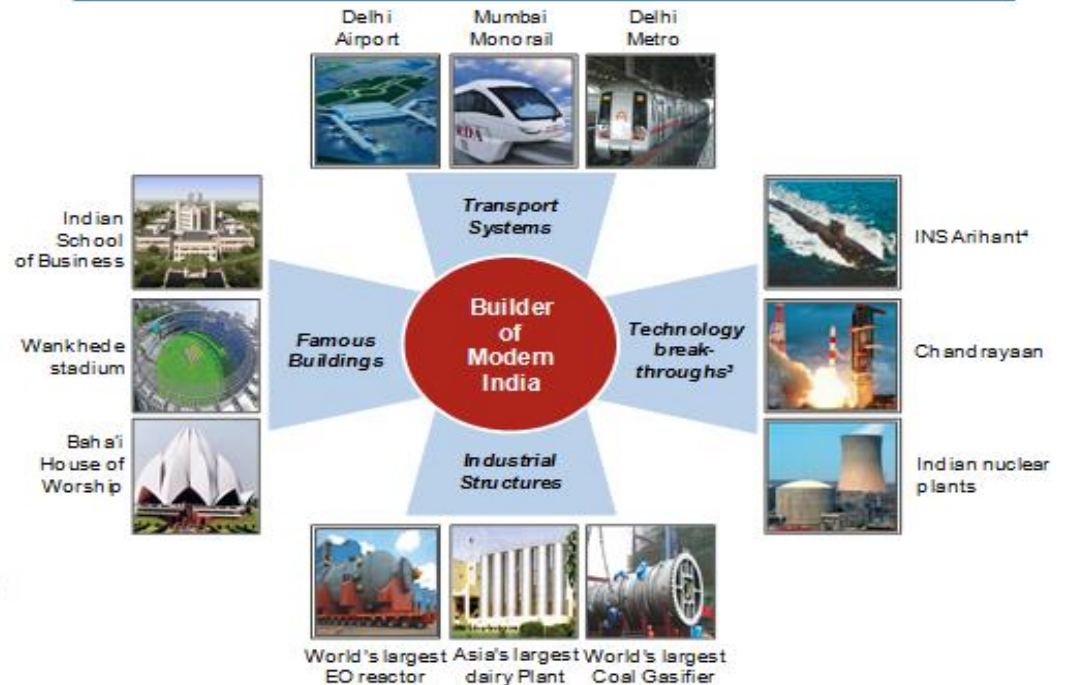
**L&T Group has a long and illustrious history in India...**

**L&T was founded in 1938 by two Danish Engineers**



- Revenue: ~ Rs. 1022 bn<sup>1</sup>
- PAT: ~ Rs. 51 bn<sup>1</sup>
- Market Capitalization: ~ Rs. 1,450 bn<sup>2</sup>

**... 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 58<sup>th</sup> 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***