

October 18, 2019

**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 4, 2019 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**

*Yashodh*  
*Rathod*  
**Apurva Rathod**  
Company Secretary and Compliance Officer

Encl: As above

**TRANSFORM**  
**F**  **OCUS**  
**DELIVER**  
*Redefined*

**Strategy & Results Update – Q2FY20**



***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”**

# Q2FY20 in perspective

## Industry challenges

**Multiple rating downgrades in the NBFC sector**

## LTFH Response

- LTFH and all its lending subsidiaries have AAA rating from CRISIL, ICRA, CARE and India Ratings
  - Received CRISIL AAA rating in October 2019
  - All 3 existing rating agencies ICRA, CARE and India Ratings have reviewed and reaffirmed AAA rating in August / September 2019

**Advantageously placed with AAA rating and strong parentage**

**Tough liquidity conditions**

- ALM continues to be positive in all buckets till 1 year; continue to maintain positive gaps even under '1 in 10' stress scenario within 1 month bucket
- Reduction in CP from 18% to 10% in the past year, even though ALM allows a higher proportion
- Continue to diversify source of funding through ECB, Retail NCD, Preference shares etc.
- Maintaining Rs.11,607 Cr of liquidity through cash, FDs, other liquid instruments, undrawn bank lines and backup line from L&T

**Building a strong liability franchise through prudent ALM and diversified sources of funding**

# Q2FY20 in perspective

Industry challenges	LTFH Response
<b>Industry Slowdown</b>	<ul style="list-style-type: none"><li>• In line with our stated strategy, our primary focus is on portfolio quality and profitability by consistently strengthening the risk profile<ul style="list-style-type: none"><li>➤ Maintained market share by leveraging on business strengths</li></ul></li><li>• Protecting and further building strengths in our core businesses<ul style="list-style-type: none"><li>➤ Enhanced strength by investing in footprint expansion, team quality enhancement, technology infrastructure and data analytics framework</li><li>➤ Focus on adjacencies &amp; cross-sell: refinance, top-up loans for existing good customers, used vehicle financing</li></ul></li><li>• Business realignment with focus on 'Right to Win'<ul style="list-style-type: none"><li>➤ Rapid rundown of Defocused book: Strong execution by SSG team in successfully running down the book to Rs. 7,203 Cr in Q2FY20 (reduction of 45% YoY and 23% QoQ)</li><li>➤ Sale of Wealth Business:<ul style="list-style-type: none"><li>○ Over the past 3 years, scaled up into a profitable business model with clear focus on employee productivity</li><li>○ With recent changes in regulations, consolidation in the industry and considering the fact that business contributes &lt;1% of LTFH revenue and profitability, the business required a full suite of in-house products and services, necessitating a larger wealth platform</li><li>○ LTFH has entered into a definitive agreement to sell 100% stake of L&amp;T Capital Markets to IIFL Wealth</li></ul></li></ul></li></ul>

**Building business strengths so that we will see 'better than market' growth when the demand picks-up**

# Q2FY20 in perspective

Regulatory change	LTFH Response
<p><b>Impact of Taxation Laws (Amendment) Ordinance 2019</b></p>	<ul style="list-style-type: none"><li>• LTFH is opting to avail lower tax rate of 25.17% from FY20</li><li>• LTFH has built accelerated provisions over last 3 years to enhance Provision Coverage Ratio (PCR). This has resulted in creation of Deferred Tax Assets (DTA) @ 34.94%. Recent amendment requires DTA to be revised @ 25.17% leading to one-time P&amp;L charge of 9.77%</li><li>• This has lead to a one-time impact on account of reversal of DTA of Rs.473 Cr, which has been fully accounted for in Q2FY20</li></ul>

Having accounted for one-time impact of DTA in Q2FY20, LTFH will get full advantage of lower tax rate going forward

# LTFH Response

1

Credit ratings

2

Liability management

3

Building business strengths

4

Update on tax amendment



# 1. Credit rating – LTFH and its subsidiaries

## Credit Ratings – LTFH and its subsidiaries

### Ratings Update

- LTFH and all its lending subsidiaries have been assigned / reaffirmed AAA rating from CRISIL, ICRA, CARE and India Ratings:
  - CRISIL assigned in October 2019
  - India Ratings reaffirmed in September 2019
  - ICRA reaffirmed in August 2019
  - CARE reaffirmed in August 2019

## Key strengths highlighted by Rating Agencies

- Strong and diversified 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)
- Rationalisation of product offerings and strengthened risk profile across businesses
- Focused and predictable business model, experienced management team and prudent management policies
- Strong resource-raising ability, adequate capital position and comfortable liquidity

**LTFH has been assigned / reaffirmed AAA rating in the current environment, when the sector has seen multiple downgrades**

# LTFH Response

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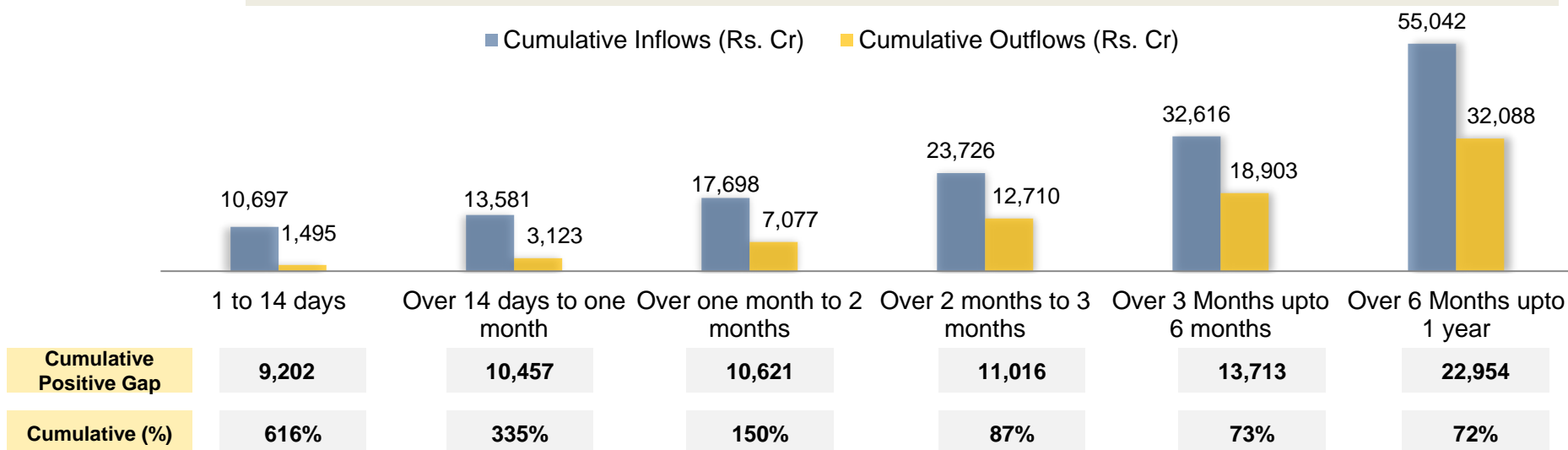
4

Update on tax amendment

## 2.1 Prudent ALM

As on 30th September, 2019

### Structural Liquidity statement



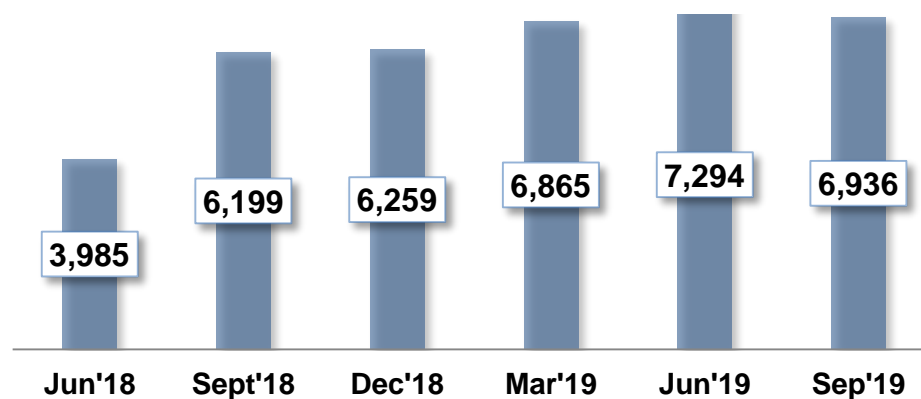
### Interest Rate sensitivity statement

1 year Gap	Rs. Cr
Re-priceable assets	68,001
Re-priceable liabilities	55,926
<b>Positive</b>	<b>12,075</b>

Continue to maintain positive liquidity gaps in all buckets till 1 year

## 2.2 Structural Liquidity - Stress scenario

1 month positive gap in stress scenario

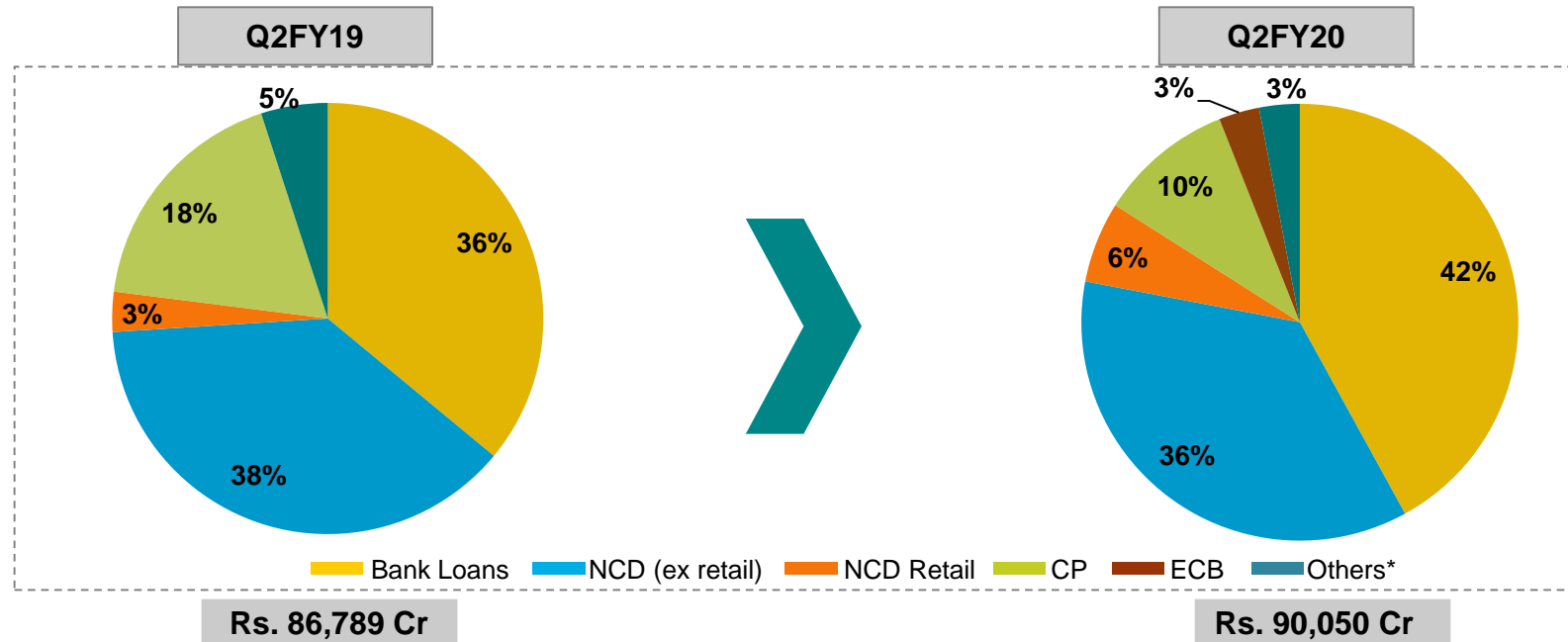


- ❖ Positive gaps maintained consistently even under '1 in 10' stress scenario in 1 month bucket
- ❖ As of Sep'19, Rs.11,607 Cr of liquidity is maintained through the following:
  - Liquid Assets in form of cash, FDs and other liquid investments of Rs. 3,380 Cr
  - Undrawn bank lines of Rs. 6,227 Cr
  - Back up line from L&T of Rs. 2,000 Cr

'1 in 10 Stress Scenario' description

- Collections short-fall - 15%
- Back up lines hair cut- 40% (i.e. LTFH is able to draw only 60% of Back up lines)

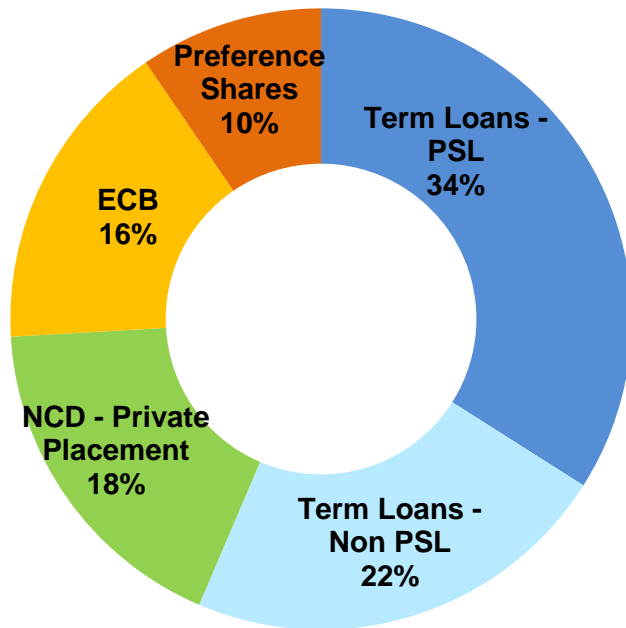
## 2.3 Well diversified liability mix



- Reduction in CP from 18% to 10% in the past year, even though ALM allows a higher proportion of CP
- Diversified funding profile through:
  - IFC led ECB of USD 275 mn (Tranche 1) raised in Q1 FY20 and USD 100 mn (Tranche 2) in Q2FY20
  - Fresh ECB sanction of USD 160 mn in Q2FY20, including USD 100 mn from Asian Infrastructure Investment Bank (AIIB). This is their first loan to any private sector company or NBFC in India

Further diversify funding through USD bonds, Masala bonds etc.

## 2.4 Incremental long-term borrowing in Q2FY20



Rs. 4,192 Cr

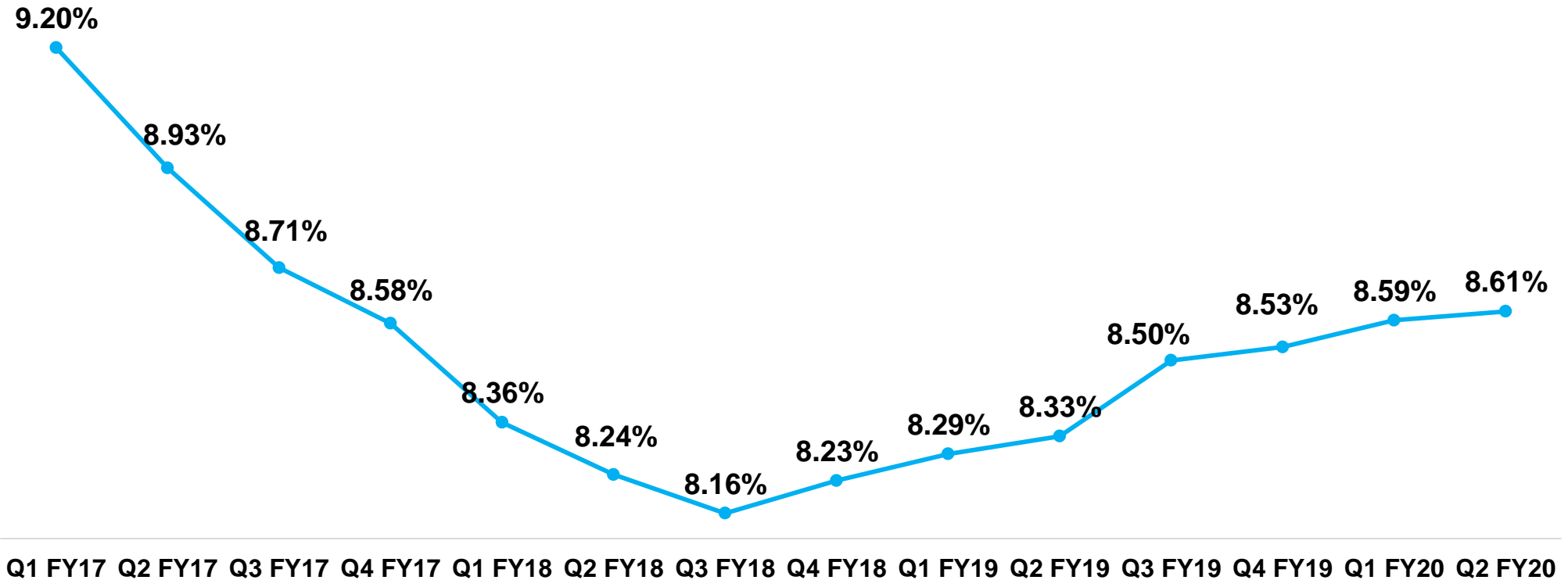
### Incremental Long Term Borrowing

Products	Rs. Cr
Term Loans – PSL	1,425
Term Loans – Non PSL	940
NCD – Private Placement	741
ECBs	686
Preference shares	400
<b>Total</b>	<b>4,192</b>

Effectively tapped PSL funding on the back of recent RBI guidelines

## 2.5 Well managed liability cost

QoQ movement in WAC



Effective liability management demonstrated with less than 30 bps increase in cost in the past year despite the reduction in proportion of CP from 18% to 10%

# LTFH Response

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# Building Business Strength



Maintained market share by building and protecting strength in our core businesses

**Market  
Share**



Improved portfolio quality by strengthening the risk profile

**Portfolio  
Quality**



Business realignment with focus on 'Right to Win'

**Right to  
Win**

# 3.1.1 Building and protecting strength

## Rural Finance

Market Share

### Industry

### LTFH



Farm

- Industry sales down by ~10%
- Higher inventory level on account of overstocking
- Kharif sowing has lagged especially in Eastern states; excess rainfall has caused some damage to standing kharif crops

- Disbursement in line with market while book grew by 15%
- Maintained market share by capturing higher counter share at chosen dealers through differentiated value proposition
- Increasing business presence through focus on refinance, top-up & used tractor



2W

- Sales de-growth of ~20% with higher impact for leading players
- Increase in price of two-wheelers due to regulatory changes
- Delayed decision in buying due to expectation of discount on transition to BS VI

- Disbursements remained flat with book growth of 41%, focus on capturing higher counter share at chosen dealers
- Diversification through tie-up with other OEM's
- Innovative products to target unfinanced low risk customers



Micro Loans

- Industry de-growth of ~10% on account of slower than expected pickup of rural economy
- Excessive rainfall and floods in some of the major states
- Extreme climatic events impacting collections and thus sourcing

- Disbursements remained flat with book growth of 23%
- Focus on repeat customers
- Focus on under penetrated geographies and under leveraged customers: ~5.8 Lac new customers added in Q2FY20
- Expansion to new geographies (Punjab & Haryana) in Q3FY20

- **Maintained market share despite challenges in the sector**
- **Maintaining inherent strengths through TAT, data analytics, footprint expansion and process improvement to ensure that we will see 'better than market' growth when the demand picks-up**

# 3.1.2 Building and protecting strength

## Housing Finance

Market Share

### Industry

### LTFH



- Overall housing credit growth declined to 14%, lower than the average of past three years
- Discontinuation of subvention schemes by the regulator
- Drop in share of HFC and NBFCs due to liquidity crisis

- Disbursement growth of 7% with increase in the share of salaried segment from 50% to 58% YoY
- Higher share of sourcing in projects of Cat A developers
- Increase in direct sourcing from 66% to 74% YoY through CF/APF & pre-approved loans



- Major industry players are taking cautious approach
- Share of small NBFC's has increased as they are focusing on self-employed customers

- Disbursements continue to decline as we maintain tight credit policy and conservative approach in sourcing



- Increase in market share of Cat A developers
- Smaller developer continue to see consolidation, number of active developers declined by ~50% over last 8 years in top cities

- Continue disbursements to existing projects with focus on project completion
- New sanctions targeted very selectively to Cat A developers with stringent guardrails, primarily in commercial office/mall segment

**Continue to focus on Cat A developers with stringent guardrails**

# 3.1.3 Building and protecting strength

## Infrastructure Finance

Market Share

### Industry

- Sustained momentum in renewable sector (solar and wind)
- Uptick in solar capacity addition: 6.3 GW solar capacities allotted till August 2019\*
- Majority of projects financed by NBFCs & FIs
- NHAI - expected to award ~6,000 km of road projects in FY20 of which 30% is expected through HAM route#
- Low participation from banks and other financial institutions for sell-down of portfolio

### LTFH

- Stable disbursement with focus on sell down
- Focus on key sectors: Road, Renewable and Transmission
- Continue to maintain market share in renewable sector
- Selective approach adopted with respect to HAM
- Sell down volumes at Rs. 1,704 Cr during Q2FY20 (highest in last 4 quarters), despite challenging market conditions



Infrastructure Finance

Market leadership position maintained in identified sectors with strong pipeline in place

# 3.2.1 Strengthened risk profile

## Rural Finance

Portfolio Quality

### Actions taken to ensure quality portfolio



Farm

- Focus on under penetrated states with better macro-economic indicators
- Use of data analytics for OEM classification and areas of business growth with preferred OEMs; classification of geographies into 'Focus', 'Calibrated growth' and 'Hold' based on defined risk parameters
- Periodical recalibration of underwriting model based on loan tenure, ticket size, geography & climate patterns



2W

- Well diversified portfolio across OEMs
- Parameterized scorecard based model – improved performance with each of the new generation scorecards
- Realign geographical mix based on credit quality trends and macro economic indicators
- Periodical recalibration of underwriting model based on loan tenure, LTV and geography



Micro Loans

- Focus on under penetrated geographies with low customer indebtedness and number of lenders
- Use of data analytics to formulate ideal group size and composition through system controls
- Focus on repeat customers through mid term renewal product
- Periodical recalibration of sourcing based on overall customer indebtedness, customer behavior and geography

Dynamic approach has demonstrated improvement in portfolio quality and reduction in GS3

## 3.2.2 Strengthened risk profile

### Real Estate

Portfolio  
Quality

Market Developments	Impact	LTFH Risk Mitigation Strategy
Demonetisation, GST & RERA	<ul style="list-style-type: none"> <li>Affected smaller developers</li> <li>Higher impact in Tier II and Tier III cities</li> </ul>	<ul style="list-style-type: none"> <li>Focus on funding to Category A developers</li> <li>Present in 6 cities with presence of stronger developers</li> </ul>
Change in market cycle	<ul style="list-style-type: none"> <li>Cyclical segments like Luxury affected</li> <li>Regions impacted with higher stuck projects saw highest impact on sales</li> </ul>	<ul style="list-style-type: none"> <li>Focus on funding in mid and affordable stage which are less cyclical</li> <li>Diversify into commercial office segment</li> </ul>
Liquidity / Project completion	<ul style="list-style-type: none"> <li>Funding not available to developers from certain lenders</li> <li>Certain projects are stuck for lack of financial closure</li> </ul>	<ul style="list-style-type: none"> <li>Sole lenders in 97% of projects financed</li> <li>Financed adequately to ensure project completion while maintaining strong cash flow and security cover</li> <li>L&amp;T knowledge ecosystem for efficient project monitoring</li> </ul>
Strained repayment ability of developers	<ul style="list-style-type: none"> <li>Altered cash flow cycle of developers</li> <li>Projects with principal moratorium are being viewed as a concern</li> <li>Contagion risk of developer defaults</li> </ul>	<ul style="list-style-type: none"> <li>Cash flow backed underwriting with all projects having collection mechanism through escrow with LTFH control</li> <li>Monthly interest payments on construction finance projects</li> <li>Rs 1,655 Cr of prepayment / repayment received in H1FY20</li> <li>Principal prepayments / repayments received for 92 out of 114 projects; ahead of scheduled payments</li> </ul>

Using knowledge repository of L&T ecosystem, to identify CAT A developers & build our monitoring framework

## 3.2.3 Strengthened risk profile

### Infrastructure Finance

Portfolio  
Quality

#### Under Construction Projects: Key Risk and Mitigants

	<b>Equity Risk</b>	Promoter equity brought upfront
	<b>Land Risk</b>	Majority of land acquired upfront
	<b>PPA Risk</b>	PPA in place
	<b>Evacuation Risk</b>	Planning done upfront for load flow study and CTO connected projects
	<b>Forex Risk</b>	Hedging done upfront
	<b>Cash Flow Risk post completion</b>	Undertake projects with predictable cash flows and minimum market risk (HAM, Annuity, etc.)

#### Operational Projects



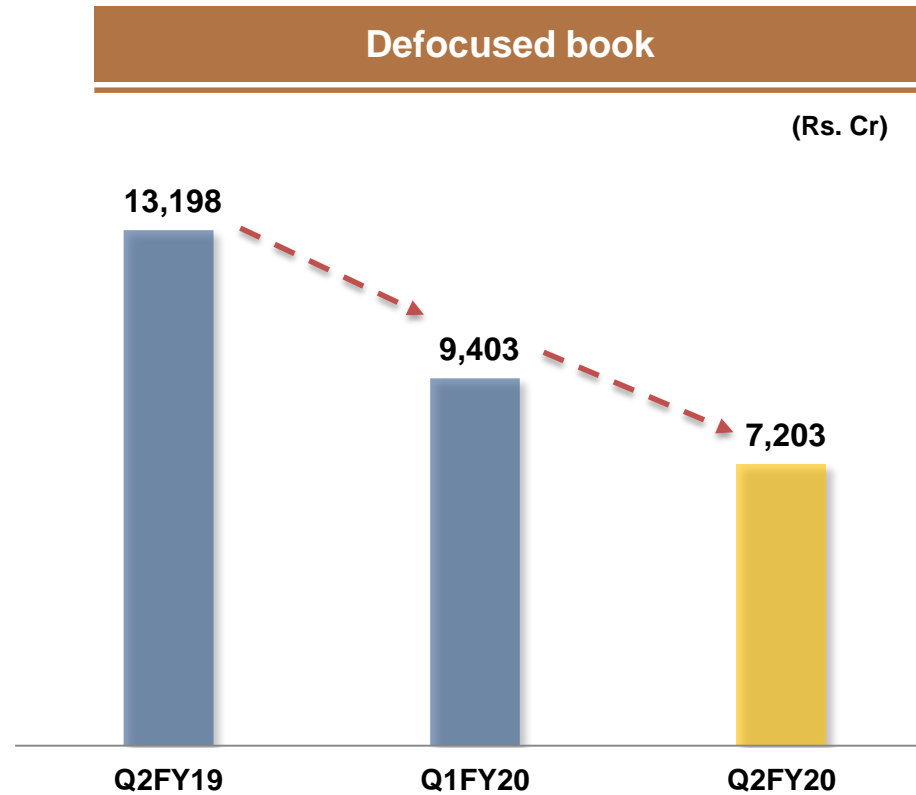
#### Cash Flow Risk

- Projects with established cashflow history
- Structuring loan tenor to match project cashflow
- Conservative underwriting assumptions to factor cashflow volatility, delayed payments etc
- No dependence on promoter equity for project maintenance, etc

Focus on cash flow based underwriting and strong project monitoring has resulted in Nil GS3 since 2012

### 3.3.1 Rapid reduction in Defocused book

Right to Win



Strong execution by SSG team in successfully running down the book to Rs. 7,203 Cr in Q2FY20 (reduction of 45% YoY & 23% QoQ)



## 3.3.2 Sale of Wealth business

Right to Win

- ❖ LTFH has built a profitable business model over the past 3 years with AUS of ~Rs. 25,000 Cr by having clear focus on employee productivity
- ❖ With recent changes in regulations, consolidation in the industry and considering the fact that business contributes <1% of LTFH revenue and profitability; the business requires a full suite of in-house products and services necessitating a larger wealth platform, to serve the best interest of clients and the team
- ❖ LTFH has entered into a definitive agreement to sell 100% stake of L&T Capital Markets to IIFL Wealth. The transaction is in process and regulatory approvals are awaited
- ❖ This move will help the wealth management business scale up further by accessing the broader repertoire of products and services offered by the IIFL Wealth platform

# LTFH Response

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## 4. Update on Tax amendment

### Tax Amendment Ordinance

- Corporate Tax Rate (CTR) reduced from 34.94% to 25.17%, option given to avail lower CTR of 25.17%
- Major deductions of Bad Debts write off, Special Reserve, dividend Income exemption etc. continue to be allowed
- Profit Linked Exemptions /Incentives and Deductions like 80G, set off of MAT Credit, will not be allowed
- Banks & NBFCs who have recognised Deferred Tax Assets (DTA) @ 34.94% mainly on account of higher provisions, need to restate opening DTA @ 25.17% leading to one-time P&L charge of 9.77%

### Impact on LTFH

- LTFH is opting for lower CTR of 25.17% leading to lower tax liability from FY20
- LTFH has built accelerated provisions over last 3 years to enhance PCR. Deferred Tax Assets on such provisions are required to be marked down
- Consequently, Q2FY20 results reflect a one time impact of Rs. 473 Cr due to reversal of DTA as on 1<sup>st</sup> April, 2019
- LTFH does not have material impact on account of MAT credit

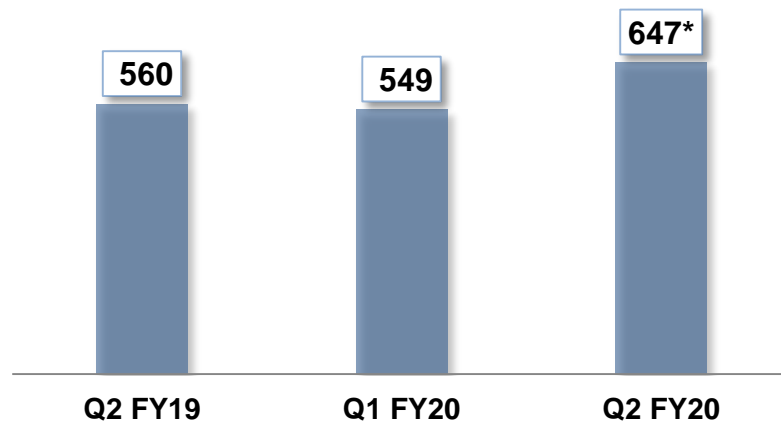
**Having accounted for one-time impact of DTA in Q2FY20, LTFH will get full advantage of lower tax rate going forward**

## Financial Update

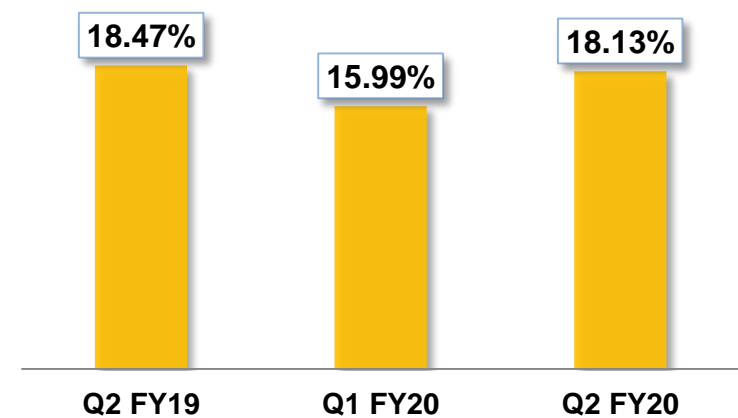
# Our Delivery – PAT & RoE

## PAT

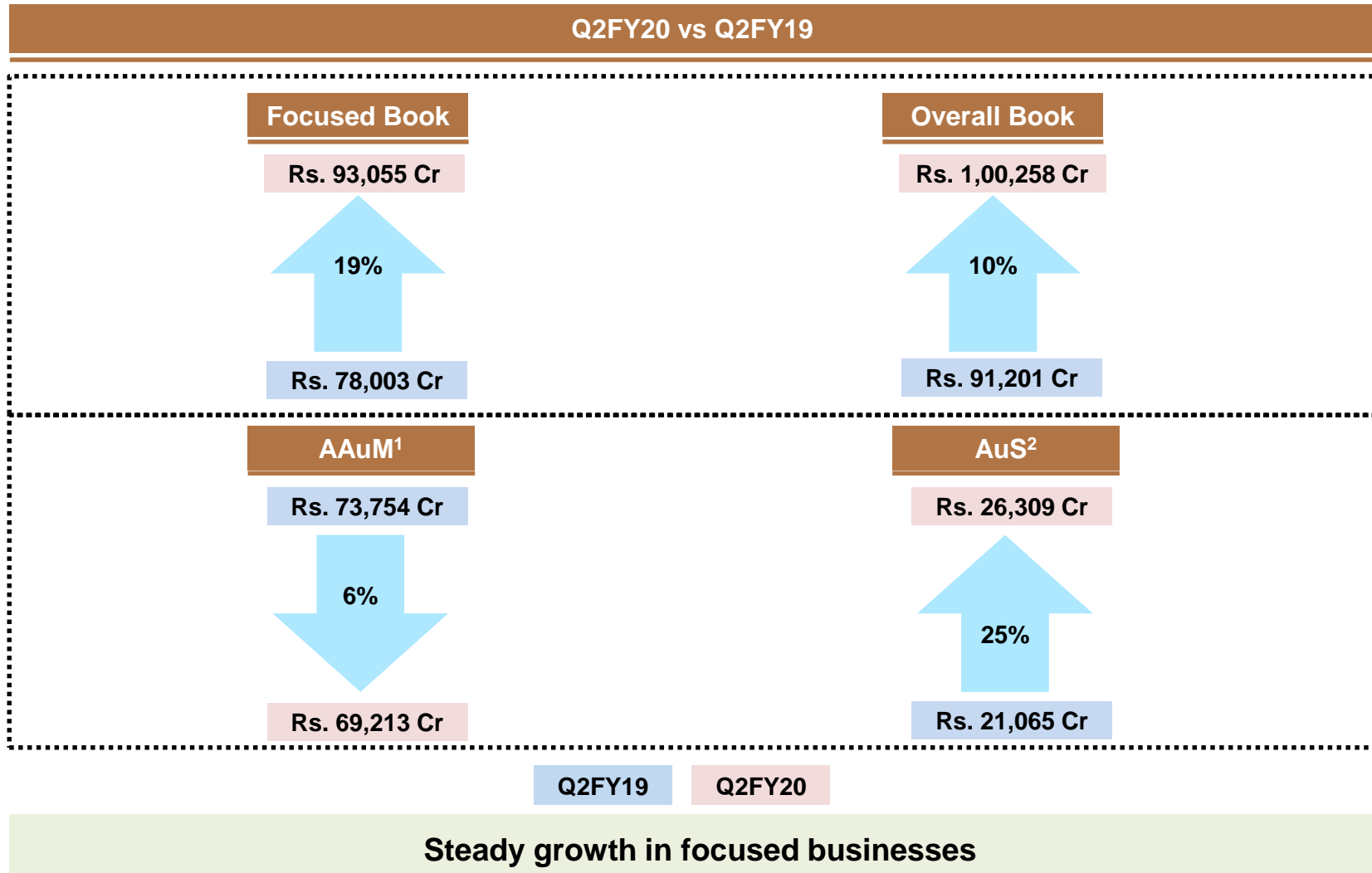
(Rs. Cr)



## RoE



# Financial Performance



<sup>1</sup> Investment Management – AAuM (quarterly average)

<sup>2</sup> Wealth Management – Closing AuS

# Growth in focused businesses

## Lending Businesses



Rural Finance



Housing Finance



Infrastructure Finance

## Non Lending Businesses



Investment Management



Wealth Management

Q2FY19

Q2FY20

Book

24%

24%

13%

Disbursements

2%

21%

19%

AAuM<sup>1</sup>

6%

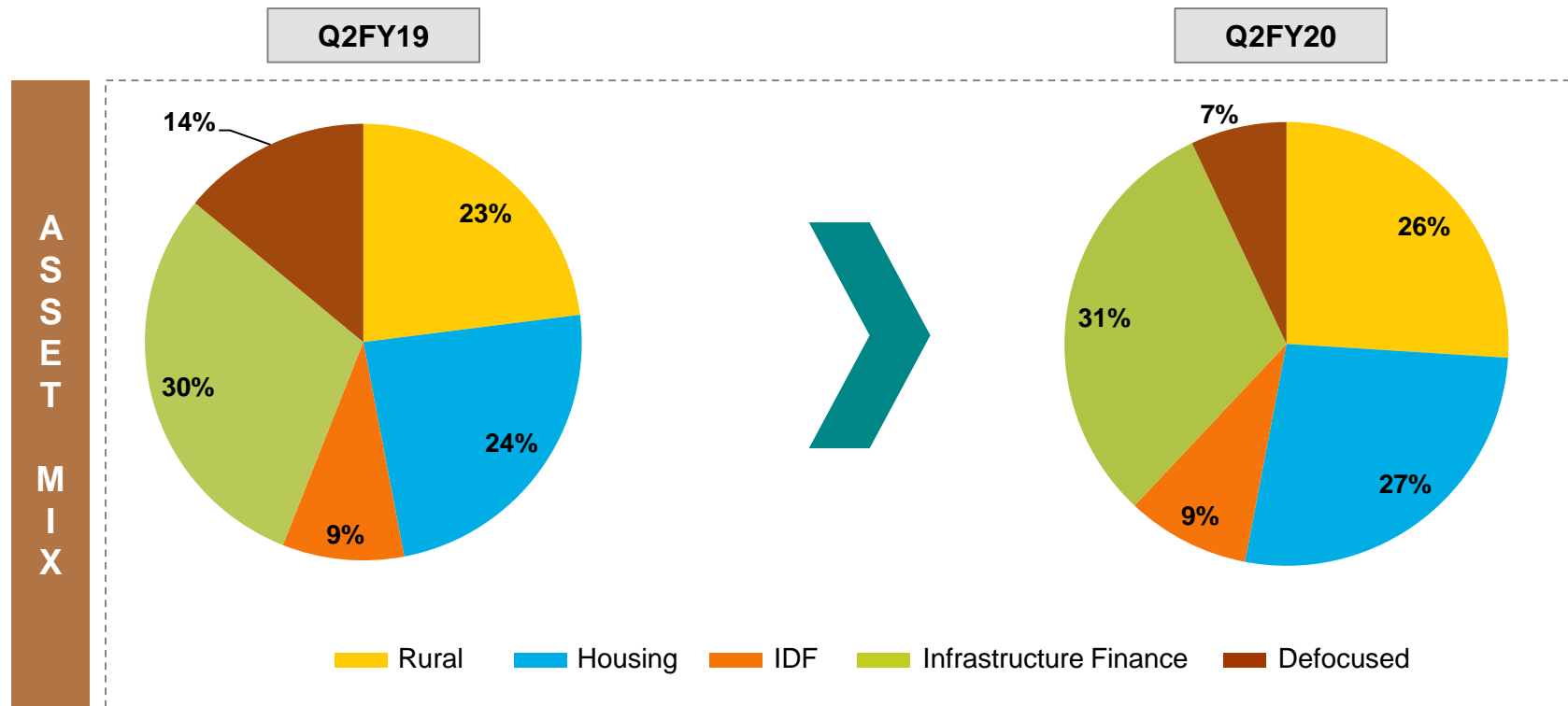
AuS<sup>2</sup>

25%

<sup>1</sup> Investment Management – AAuM (quarterly average)

<sup>2</sup> Wealth Management – Closing AuS

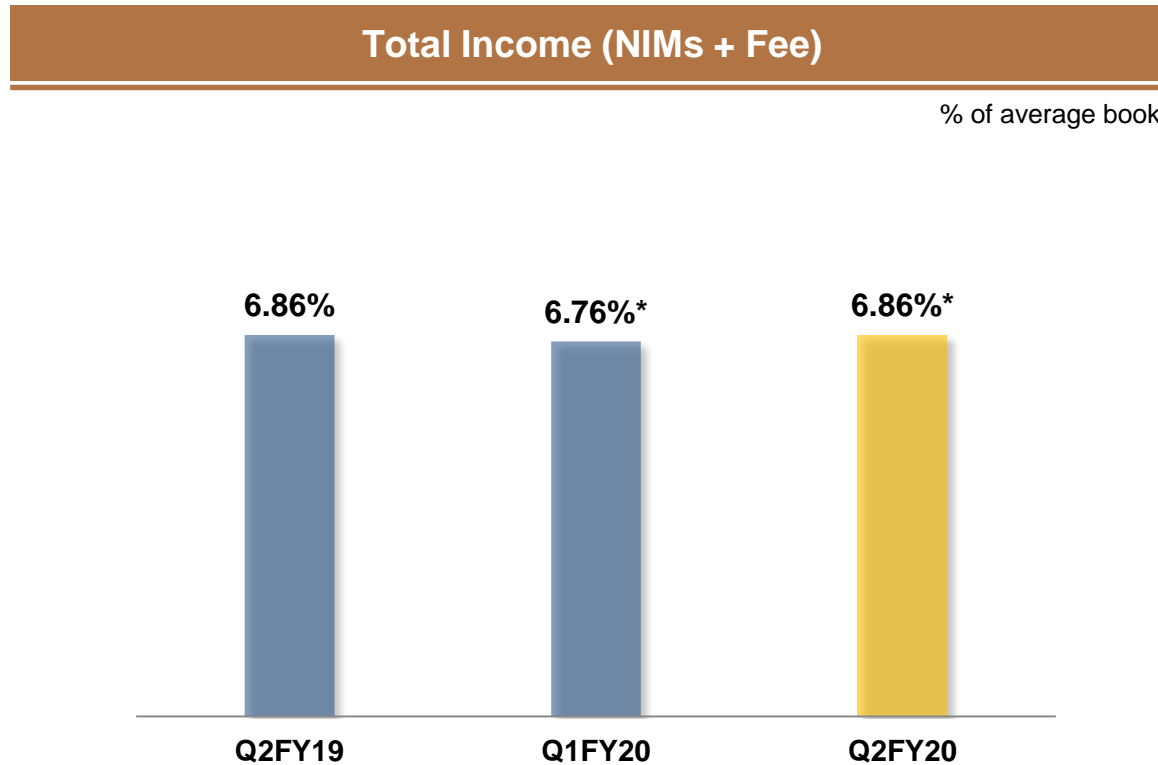
# Increasing Retailisation



- Rural + Housing contribute to 53% of portfolio in Q2FY20 as compared to 47% in Q2FY19
- IDF would continue to remain as the hold book in the infrastructure finance portfolio



# NIMs + Fee Income

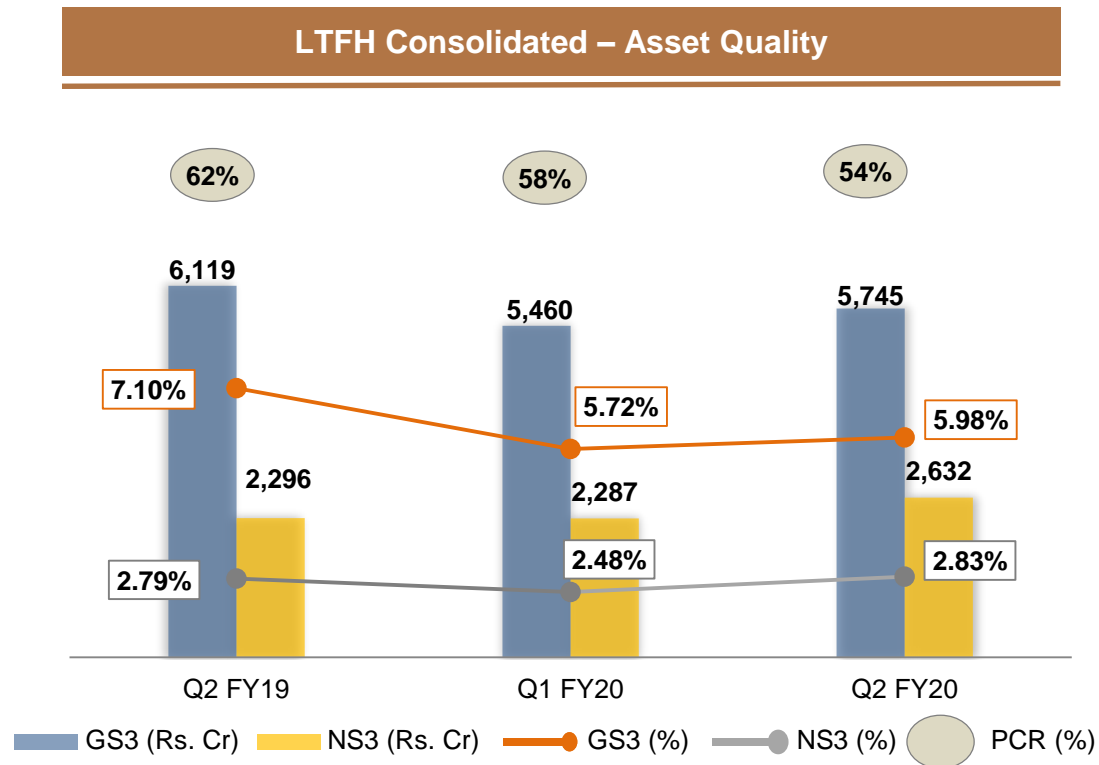


Steady 'NIMs + Fee' by maintaining leadership position and pricing power across businesses

\* Normalising for one-time impact

Actuals without normalization: Q1FY20 – 7.10%, Q2FY20 – 7.33%

# Strengthening Balance sheet – Asset Quality



Built macro-prudential provisions of Rs. 350 Cr, over and above expected credit losses on GS3 assets


GS3 - Gross Stage 3; NS3 - Net Stage 3; PCR – Provision Coverage Ratio

# LTFH consolidated – Capital allocation and RoE bridge

Q2FY19			Business Segments (Rs. Cr)	Q2FY20			PAT Y-o-Y (%)
PAT	Net Worth	RoE		PAT	Net Worth	RoE	
218	3,108	28.62%	Rural Finance	309	4,245	30.25%	42%
197	2,884	28.19%	Housing Finance	244	4,118	24.49%	24%
67	4,236	7.01%	Infrastructure Finance	196	5,142	15.46%	191%
<b>482</b>	<b>10,228</b>	<b>19.94%</b>	<b>Lending Business</b>	<b>749</b>	<b>13,505</b>	<b>22.80%</b>	<b>55%</b>
22	875	-	Investment Management	61	1,080	-	-
<b>504</b>	<b>11,103</b>	<b>19.13%</b>	<b>Focused Business Total</b>	<b>810</b>	<b>14,585</b>	<b>22.84%</b>	<b>61%</b>
93	2,212	-	De-focused Business	(121)	1,229	-	-
<b>596</b>	<b>13,315</b>	<b>18.87%</b>	<b>Businesses Total</b>	<b>689</b>	<b>15,814</b>	<b>17.73%</b>	<b>15%</b>
(36)	(1,000)	-	Others	(42)	(1,360)	-	-
<b>560</b>	<b>12,315</b>	<b>18.47%</b>	<b>LTFH Consol</b>	<b>647</b>	<b>14,454</b>	<b>18.13%</b>	<b>15%</b>
-	-	-	Exceptional items	(473)	(473)	-	-
<b>560</b>	<b>12,315</b>	<b>-</b>	<b>LTFH Consol to Equity shareholders</b>	<b>174</b>	<b>13,981</b>	<b>-</b>	<b>-</b>

# Conclusion

- ❖ LTFH and all its lending subsidiaries have been assigned / reaffirmed AAA rating from CRISIL in Oct'19, India Ratings in Sep'19 and ICRA & CARE in Aug'19
- ❖ Prudent Liability Management:
  - Positive Structural Liquidity gaps maintained across all buckets
  - Diversified funding through ECBs, Retail NCDs, Preference shares, PSL etc.
- ❖ Focused book growth of 19% from Rs. 78,003 Cr in Q2FY19 to Rs. 93,055 Cr in Q2FY20
  - Maintaining inherent strengths through TAT, data analytics, footprint expansion and process improvement to ensure that we will see 'better than market' growth when the demand picks-up
- ❖ Rapid reduction of defocused book to Rs. 7,203 Cr in Q2FY20 (reduction of 45% YoY and 23% QoQ)
- ❖ Consolidated PAT (pre-DTA) increased by 15% from Rs. 560 Cr in Q2FY19 to Rs. 647 Cr in Q2FY20
  - PAT of Rs.174 Cr post considering one-time impact Rs. 473 Cr on reversal of DTA in Q2FY20
  - Having accounted for one-time impact of DTA in Q2FY20, LTFH will get full advantage of lower tax rate going forward
- ❖ **Key Financial parameters Q2FY19 vs. Q2FY20**
  - 'NIMs + Fees' has remained stable at 6.86% in Q2FY19 vs. 6.86% in Q2FY20
  - Retailisation (Rural + Housing) increased from 47% to 53%
  - Gross Stage 3 has reduced from 7.10% to 5.98%



# Appendix



***L&T Financial Services***

# LTFH Consolidated – Summary financial performance

Performance summary				
Q2FY19	Summary P&L (Rs. Cr)	Q1FY20	Q2FY20	Y-o-Y (%)
2,777	Interest Income	3,287	3,254	17%
1,651	Interest Expense	1,918	1,891	15%
1,126	NIM	1,369	1,362	21%
415	Fee & Other Income	396	470	13%
1,542	Total Income	1,765	1,833	19%
368	Operating Expense	422	448	22%
1,174	Earnings before credit cost	1,342	1,384	18%
373	Credit Cost	595	624	67%
<b>560</b>	<b>PAT before exceptional items</b>	<b>549</b>	<b>647</b>	<b>15%</b>
-	<b>Exceptional items</b>	-	<b>473</b>	-
<b>560</b>	<b>PAT to Equity Shareholders</b>	<b>549</b>	<b>174</b>	-
Q2FY19	Particulars (Rs. Cr)	Q1FY20	Q2FY20	Y-o-Y(%)
91,201	Book	99,904	1,00,258	10%
12,315	Networth	13,988	13,981	14%
62	Book Value per share (Rs.)	70	70	13%

# LTFH Consolidated – Key ratios

Key ratios				
Q2FY19	Key Ratios	Q1FY20	Q2FY20	
12.35%	Yield	13.22%	13.01%	
5.01%	Net Interest Margin	5.51%	5.45%	
1.85%	Fee & Other Income	1.59%	1.88%	
6.86%	NIM + Fee & Other Income	7.10%	7.33%	
1.64%	Operating Expenses	1.70%	1.79%	
5.22%	Earnings before credit cost	5.40%	5.53%	
1.66%	Credit cost	2.39%	2.49%	
2.33%	Return on Assets	2.07%	2.44%	
6.44	Debt / Equity	6.16	6.15	
<b>18.47%</b>	<b>Return on Equity</b>	<b>15.99%</b>	<b>18.13%</b>	

Entity	Tier I	Tier II	CRAR
Consolidated CRAR ratio	15.49%	3.37%	18.87%

# Lending Business – Business wise disbursement split

Disbursement				
Q2FY19	Segments (Rs. Cr)	Q1FY20	Q2FY20	Y-o-Y (%)
812	Farm Equipment	874	686	-16%
1,107	2W Finance	1,090	1,113	1%
2,790	Micro Loans	2,268	2,839	2%
<b>4,709</b>	<b>Rural Finance</b>	<b>4,232</b>	<b>4,638</b>	<b>-2%</b>
610	Home Loans	661	652	7%
341	LAP	188	142	-58%
1,632	Real Estate Finance	1,275	1,238	-24%
<b>2,584</b>	<b>Housing Finance</b>	<b>2,123</b>	<b>2,032</b>	<b>-21%</b>
3,136	Infrastructure Finance	3,252	2,436	-22%
707	Infra Debt Fund (IDF)	-	672	-5%
<b>3,842</b>	<b>Infrastructure Finance</b>	<b>3,252</b>	<b>3,108</b>	<b>-19%</b>
<b>11,135</b>	<b>Focused Business</b>	<b>9,608</b>	<b>9,779</b>	<b>-12%</b>
5,600	De-focused	-	-	-100%
<b>16,736</b>	<b>Total Disbursement *</b>	<b>9,608</b>	<b>9,779</b>	<b>-42%</b>



# Lending Business – Business wise book split

Book				
Q2FY19	Segments (Rs. Cr)	Q1FY20	Q2FY20	Y-o-Y (%)
6,736	Farm Equipment	7,463	7,747	15%
4,272	2W Finance	5,857	6,009	41%
10,425	Micro Loans	12,524	12,841	23%
<b>21,433</b>	<b>Rural Finance</b>	<b>25,845</b>	<b>26,597</b>	<b>24%</b>
5,268	Home Loans	6,615	7,024	33%
4,300	LAP	4,217	4,076	-5%
12,151	Real Estate Finance	15,201	15,885	31%
<b>21,718</b>	<b>Housing Finance</b>	<b>26,033</b>	<b>26,986</b>	<b>24%</b>
27,026	Infrastructure Finance	30,315	30,660	13%
7,825	Infra Debt Fund (IDF)	8,307	8,812	13%
<b>34,851</b>	<b>Infrastructure Finance</b>	<b>38,623</b>	<b>39,472</b>	<b>13%</b>
<b>78,003</b>	<b>Focused Business</b>	<b>90,500</b>	<b>93,055</b>	<b>19%</b>
13,198	De-focused	9,403	7,203	-45%
<b>91,201</b>	<b>Total Book*</b>	<b>99,904</b>	<b>1,00,258</b>	<b>10%</b>

# Rural Finance – Summary financial performance

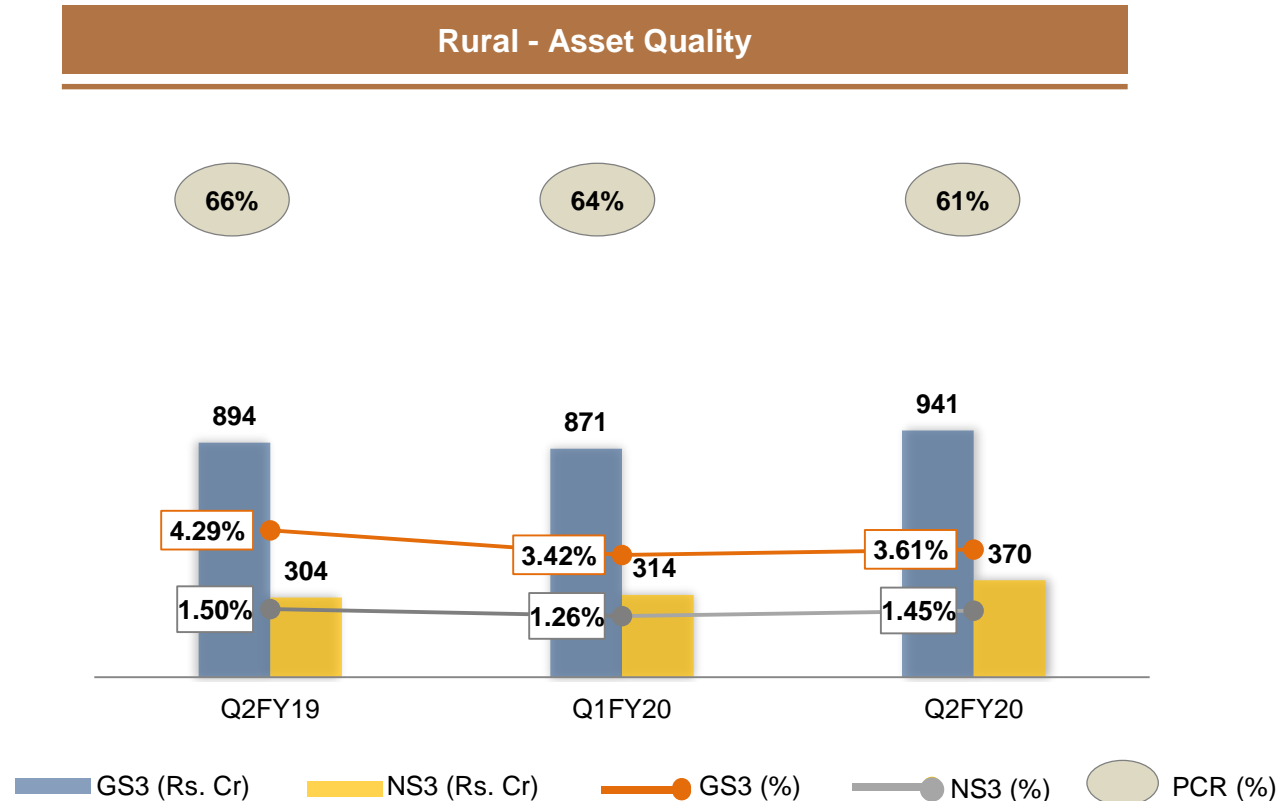
Performance summary				
Q2FY19	Summary P&L (Rs. Cr)	Q1FY20	Q2FY20	Y-o-Y (%)
948	Interest Income	1,195	1,240	31%
343	Interest Expense	469	485	41%
605	NIM	726	756	25%
98	Fee & Other Income	109	118	20%
702	Total Income	835	873	24%
176	Operating Expense	258	263	49%
526	Earnings before credit cost	577	610	16%
216	Credit Cost	223	251	16%
218	<b>PAT</b>	<b>252</b>	<b>309</b>	<b>42%</b>

Q2FY19	Particulars (Rs. Cr)	Q1FY20	Q2FY20	Y-o-Y (%)
21,433	Book	25,845	26,597	24%
3,108	Networth	3,962	4,245	37%

# Rural Finance – Key ratios

Key ratios				
Q2FY19	Key ratios	Q1FY20	Q2FY20	
18.56%	Yield	18.54%	18.92%	
11.84%	Net Interest Margin	11.32%	11.47%	
1.91%	Fee & Other Income	1.70%	1.79%	
13.76%	NIM + Fee & Other Income	13.02%	13.25%	
3.46%	Operating Expenses	4.02%	3.99%	
10.30%	Earnings before credit cost	9.00%	9.26%	
4.23%	Credit cost	3.48%	3.81%	
4.16%	Return on Assets	3.89%	4.62%	
5.71	Debt / Equity	5.41	5.14	
<b>28.62%</b>	<b>Return on Equity</b>	<b>26.20%</b>	<b>30.25%</b>	

# Rural Finance - Asset quality



Built macro-prudential provisions of Rs. 235 Cr, over and above expected credit losses on GS3 assets

GS3 - Gross Stage 3; NS3 - Net Stage 3; PCR – Provision Coverage Ratio

# Housing Finance – Summary financial performance

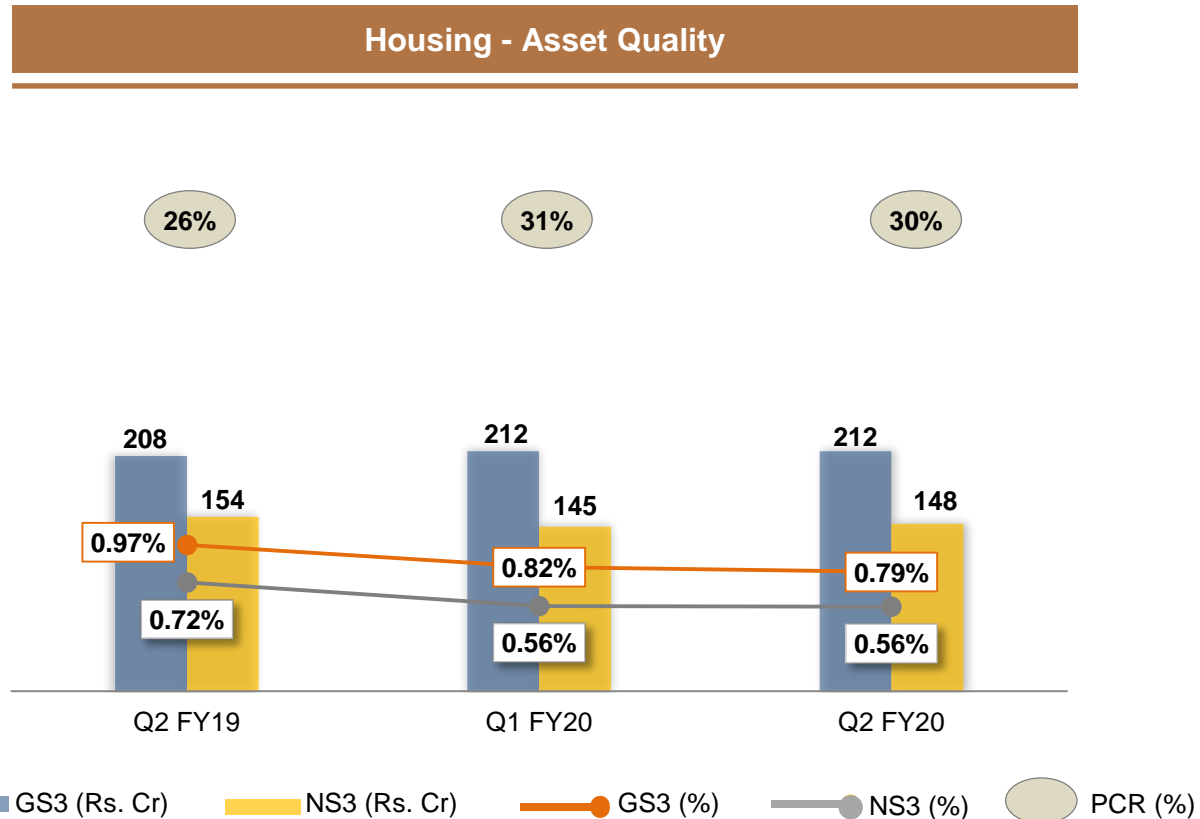
Performance Summary				
Q2FY19	Summary P&L (Rs. Cr)	Q1FY20	Q2FY20	Y-o-Y (%)
661	Interest Income	828	844	28%
372	Interest Expense	484	502	35%
289	NIM	344	341	18%
64	Fee & Other Income	62	53	-17%
354	Total Income	407	394	12%
40	Operating Expense	59	74	84%
313	Earnings before credit cost	347	320	2%
34	Credit Cost	58	42	22%
<b>197</b>	<b>PAT</b>	<b>208</b>	<b>244</b>	<b>24%</b>

Q2FY19	Particulars (Rs. Cr)	Q1FY20	Q2FY20	Y-o-Y (%)
21,718	Book	26,033	26,986	24%
2,884	Networth	3,874	4,118	43%

# Housing Finance – Key ratios

Key ratios				
Q2FY19	Key ratios	Q1FY20	Q2FY20	
12.47%	Yield	12.90%	12.64%	
5.46%	Net Interest Margin	5.36%	5.11%	
1.21%	Fee & Other Income	0.97%	0.80%	
6.67%	NIM + Fee & Other Income	6.33%	5.91%	
0.76%	Operating Expenses	0.92%	1.11%	
5.91%	Earnings before credit cost	5.41%	4.80%	
0.64%	Credit cost	0.90%	0.62%	
3.40%	Return on Assets	3.01%	3.43%	
6.64	Debt / Equity	5.84	5.71	
<b>28.19%</b>	<b>Return on Equity</b>	<b>22.07%</b>	<b>24.49%</b>	

# Housing Finance - Asset quality



Built macro-prudential provisions of Rs. 115 Cr, over and above expected credit losses on GS3 assets

GS3 - Gross Stage 3; NS3 - Net Stage 3; PCR – Provision Coverage Ratio

# Infrastructure Finance – Summary financial performance

Performance summary				
Q2FY19	Summary P&L (Rs. Cr)	Q1FY20	Q2FY20	Y-o-Y (%)
821	Interest Income	1,014	989	20%
681	Interest Expense	743	713	5%
140	NIM	272	276	97%
123	Fee & Other Income	111	92	-25%
263	Total Income	383	368	40%
42	Operating Expense	54	53	25%
221	Earnings before credit cost	328	315	43%
128	Credit Cost	4	121	-6%
<b>67</b>	<b>PAT</b>	<b>230</b>	<b>196</b>	<b>191%</b>

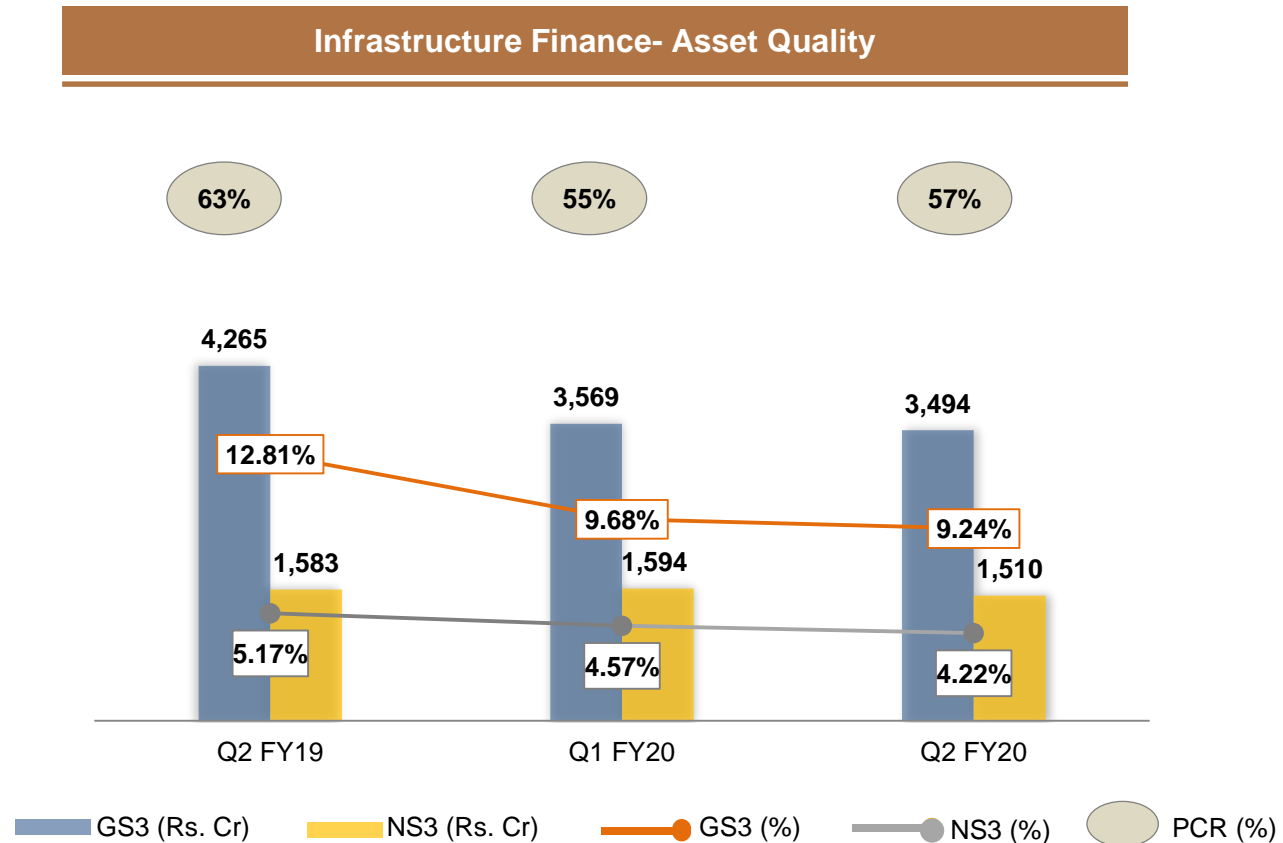
Q2FY19	Particulars (Rs. Cr)	Q1FY20	Q2FY20	Y-o-Y (%)
34,851	Book	38,623	39,472	13%
4,236	Networth	4,945	5,142	21%



# Infrastructure Finance – Key ratios

Key ratios			
Q2FY19	Key ratios	Q1FY20	Q2FY20
9.49%	Yield	10.64%	10.31%
1.62%	Net Interest Margin	2.85%	2.88%
1.42%	Fee & Other Income	1.16%	0.96%
3.04%	NIM + Fee & Other Income	4.01%	3.84%
0.49%	Operating Expenses	0.57%	0.55%
2.55%	Earnings before credit cost	3.44%	3.28%
1.48%	Credit cost	0.04%	1.26%
0.74%	Return on Assets	2.29%	1.97%
7.10	Debt / Equity	6.68	6.58
<b>7.01%</b>	<b>Return on Equity</b>	<b>19.31%</b>	<b>15.46%</b>

# Infrastructure Finance - Asset quality



# Infrastructure Finance – Portfolio wise split

DISBURSEMENT

Sectors (Rs. Cr)	Q2FY19	Q1FY20	Q2FY20	Y-o-Y (%)
Renewable Power	3,117	1,845	1,534	(51%)
Roads	168	263	284	69%
Power Transmission	119	1,030	973	-
Others <sup>1</sup>	439	114	317	(28%)
<b>Total</b>	<b>3,842</b>	<b>3,252</b>	<b>3,108</b>	<b>(19%)</b>

LOAN BOOK

Sectors (Rs. Cr)	Q2FY19	Q2FY19 (% of Total)	Q1FY20	Q1FY20 (% of Total)	Q2FY20	Q2FY20 (% of Total)	Y-o-Y (%)
Renewable Power	17,405	50%	19,946	52%	20,759	53%	19%
Roads	7,000	20%	9,271	24%	9,368	24%	34%
Power Transmission	1,989	6%	2,367	6%	2,622	6%	32%
Others <sup>2</sup>	8,458	24%	7,038	18%	6,723	17%	(21%)
<b>Total</b>	<b>34,851</b>	<b>100%</b>	<b>38,623</b>	<b>100%</b>	<b>39,472</b>	<b>100%</b>	<b>13%</b>





<sup>1</sup> Others includes cement, hospitality etc.

<sup>2</sup> Others includes infra project implementers, telecom, thermal power, healthcare, water treatment, etc.

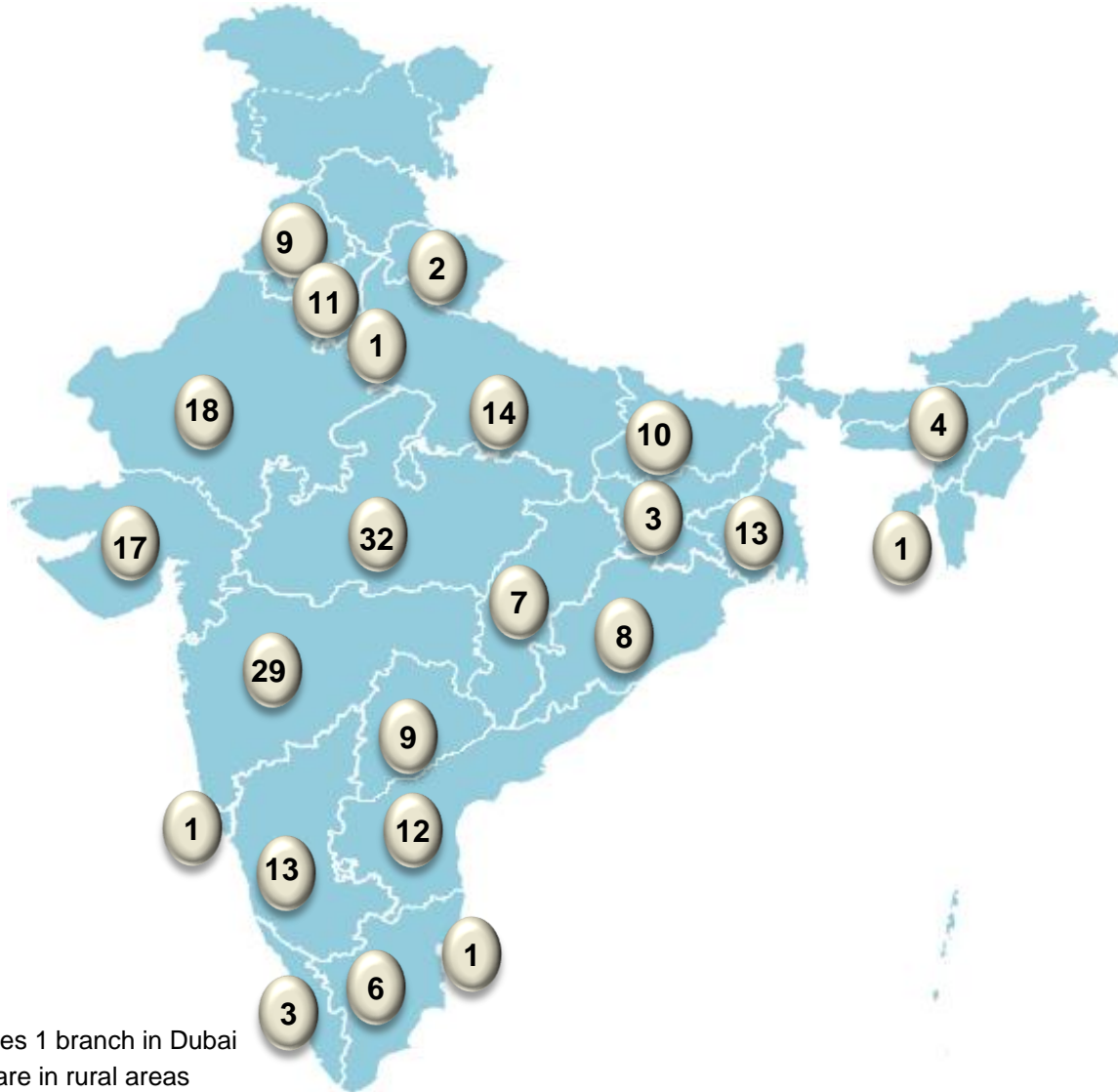
# AUM disclosure – Investment Management Business

Assets under Management (Rs. Cr)						
Fund Type	Quarter ended Sept, 2018		Quarter ended June, 2019		Quarter ended Sept, 2019	
	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)	35,403	37,073	38,293	38,038	37,159	36,356
Equity – ELSS	3,183	3,316	3,385	3,337	3,283	3,216
Income	13,759	14,176	16,367	16,480	16,731	16,682
Liquid	12,253	19,049	8,900	15,513	8,496	12,829
Gilt	131	140	136	129	128	130
<b>Total</b>	<b>64,729</b>	<b>73,754</b>	<b>67,081</b>	<b>73,497</b>	<b>65,797</b>	<b>69,213</b>

# Product profile and Geographies

BUSINESS		Average Ticket Size	Average Tenor	Major Geographies
Rural	 <b>Farm Equipment</b>	Rs. 3.8 Lacs	46 months	MP, Karnataka, UP, Maharashtra, Telangana, Bihar , AP, Haryana
	 <b>Two Wheeler</b>	Rs. 60k	26 months	Kolkata, Pune, Mumbai, Bangalore Hyderabad ,Ahmedabad, Delhi
	 <b>Micro Loan</b> (Joint Liability Group)	Rs. 33k	24 months	TN, Bihar, Karnataka, Orissa, West Bengal, Kerala, Assam, MP, Gujarat
Housing	 <b>Home Loan</b>	Rs. 38 Lacs	16 years	Mumbai, Delhi, Bangalore, Pune, Hyderabad, Chennai & Surat
	<b>Loan against Property</b>	Rs. 50 Lacs	13 years	Bangalore, Pune, Mumbai, Delhi, Surat, Hyderabad, Rajkot

# LTFH branch footprint



As of 30<sup>th</sup> September, 2019

No. of States & Union Territories	21 & 2
No. of branches*	225
No. of Micro Loans meeting centers**	1,337
No. of employees	23,580

\*Also includes 1 branch in Dubai

\*\*All these are in rural areas

# Awards & Recognition



**Golden Peacock Award for  
"Excellence in Corporate Governance"**

(October, 2018)



**Asian Centre Awards for  
"Best Audit Committee"**

(October, 2018)



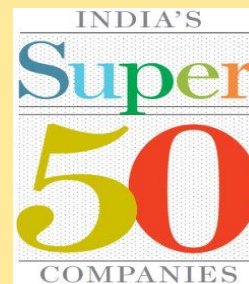
**The CII National HR Circle Competition  
2018 winner for "Management of Change  
& Excellence in HRM"**

(September, 2018)



**Leading Indian Mandated Lead  
Arranger and Book Runner for  
Green loans in APAC (ex-Japan)**

(January, 2019)



**L&T Finance Holdings featured in  
"Forbes Super 50 Companies"**

(August, 2018)

**The Asset Triple A  
Asia Infrastructure Awards  
2019**

Country deal awards (South Asia)



**Transport Deal of the Year -  
High Commended (Underwriter)  
Transport Deal of the Year -  
Highly Commended (Adviser)**

(June, 2019)

# Corporate Social Responsibility

*Directly linked to creating value*

## FOCUS: GENERATION OF SUSTAINABLE RURAL LIVELIHOODS

### Water resource management



#### Target Group

60,000 farmers directly

#### Intervention

- 7,340 men farmers and 702 women farmers trained on climate resilience agriculture through awareness camps
- Capacity of 100 TCM created through rainwater harvesting structures

#### Location

122 villages in Aurangabad, Beed, Buldhana, Jalna, Latur, Solapur & Osmanabad districts of Maharashtra

### Digital financial inclusion



650 Digital Sakhis, 5500+ women entrepreneurs (WE) and 5,20,000 community members

- Digital Sakhi project initiated in West Bengal with an aim to reach 1 lakh community members at East Medinapur district
- Digital Sakhis of Maharashtra & Madhya Pradesh underwent training on advance modes of digital payments by NPCI
- 2,17,037 – Community outreach through interventions

287 villages in Maharashtra, Madhya Pradesh, Tamil Nadu, Odisha and West Bengal

Provided relief to 41,935 people of flood affected in Assam, Bihar, Maharashtra, Karnataka and Kerala

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*

- Chairman of Future Lifestyle Fashions Limited, Blue Star Limited & NSDL e-Governance Infrastructure Limited
- 40+ years of experience in audit, tax and consulting



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

- 29 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 & CFO of L&T Limited
- 30+ 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; 40+ years experience across various positions in the Ministry of Finance



**Thomas Mathew T.**, *Independent Director*

- Former Managing Director of Life Insurance Corporation of India
- 36+ years of experience in Life Insurance Industry



**Nishi Vasudeva**, *Independent Director*

- Former Chairman and Managing Director of Hindustan Petroleum Corporation Ltd
- 30+ years of experience in Petroleum Industry



**Dr. Rajani Gupte**, *Independent Director*

- Current Vice Chancellor of Symbiosis International University, Pune
- 30+ 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



**Prabhakar B.**, *Non-Executive Director*

- Former Chairman and Managing Director of Andhra Bank
- 37+ years of experience in the banking industry

# Management Team



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



**Sunil Prabhune**  
CE – Rural & Group Head – Digital  
,IT & Analytics  
21 yrs exp, ICICI Bank, GE, ICI



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



**Srikanth J**  
CE – Housing &  
Group Head – Central operations  
22 yrs exp, BNP Paribas,  
Commerz Bank AG



**Manoj Shenoy**  
CE - Wealth Management &  
Group Head – CSR  
29 yrs exp, EFG Wealth Mgmt,  
Anand Rathi



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



**Raju Dodti**  
CE – Special Situation Group &  
Group Head – Legal and Compliance  
20 yrs exp, IDFC, Rabo, ABN Amro,  
Soc Gen



**S Anantharaman**  
Chief Risk Officer  
27 yrs exp, HDFC Bank, AI Ahli  
Bank of Kuwait, SBICI



**Soumendranath Lahiri**  
CIO – Investment Management  
27 yrs exp, Canara Robeco Mutual  
Fund, DSP Blackrock Investment  
Managers



**Shiva Rajaraman**  
CE – L&T Infra Debt Fund  
22 yrs exp, IDFC, Dresdner  
Kleinwort Benson



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

## Deliver sustainable RoE



### Registered Office:

L&T Finance Holdings Limited  
Brindavan, Plot No 177  
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Santacruz (E), Mumbai 400 098

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