L&T Financial Services

May 15, 2020

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

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

Symbol: L&TFH

Security Code No.: 533519

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

Sub: Submission of Investor / Analyst Presentation

Dear Sir / Madam,

With reference to our letter dated May 12, 2020 and pursuant to Regulation 30 read with Para A of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), please find enclosed presentation to be made to Institutional Investor(s) / Analyst(s).

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

We request you to take the aforesaid on records.

Thanking you,

Yours faithfully,

For **L&T Finance Holdings Limited**

Rathod

Yashan

Apurva Rathod
Company Secretary and Compliance Officer

Encl: As above

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Strategy & Results Update – FY20 & Q4FY20

L&T Financial Services

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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.

LTFH 2.0

Our Commitment

TO BE A COMPANY WHICH:

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

Agenda

A Q4 in perspective

B What worked for LTFH

C Q4 P&L explained

Q4FY20 in perspective

Q4FY20 was estimated to be a fairly normal quarter till about 10th March

- Gained market shared in 2W and Farm portfolios while maintaining market share in others
- Disbursement and collection pace was maintained as a result of strengths built across businesses

Localized lockdown and partial restrictions started around 10th March

- Planned operations at lower capacity in branches/offices & simultaneously created infrastructure for work from home
- Enhanced IT security and increased capacity of IT systems
- Specific actions were taken to protect the portfolio from lower collections and possibility of full lockdown
- In line with our long term strategy of simplified structure, progressed with proposed merger of lending entities

Total lockdown from 25th March and severe restrictions brought gross changes

- Clearly stated moratorium policy; following RBI guidelines both in letter and spirit
- Enhanced digital and electronic modes of collection to improve collection efficiency
- Maintained even higher liquidity in a market not conducive to fund raising
- Built higher provisions to protect balance sheet against future uncertainties

Q4FY20 in perspective

Fairly normal quarter till about 10^{th} March — **Pre Lockdown**

Localized lockdown and partial restrictions started around 10^{th} March — **Partial Lockdown**

Total lockdown from 25^{th} March — **Full Lockdown**

Business Achievements

Pre Lockdown

Maintained Market Leadership

Farm	Micro Loan	Two wheeler	
Ranked 2nd	***Ranked 3rd***	***Ranked 5th***	**MARKET LEADER in Renewable sector financing**

Achievements

- ***Market share increased to 15% vs. 14% qoq*** (Farm)
- ***Market share increased to 11% vs. 9% qoq*** (Two wheeler)
- ***% of salaried segment increased to 64% vs. 48% YoY***
- ❑ ***Increased share of existing good customers to 51% in Q4FY20***
- ❑ ***Assam portfolio down to Rs. 534 Cr vs. Rs. 813 Cr YoY***

Gained market share in Farm and 2W while maintaining business strengths across the businesses

As per market sources and company's internal research

Improved Collections and GS3

Pre Lockdown

Asset Quality

Asset Quality (LTFH)	Q3FY20	Q4FY20 (with DPD Freeze)	Q4FY20 (No DPD Freeze)
GS3 (Rs. Cr)	5,662	5,037	5,287
GS3 (%)	5.94%	5.36%	5.63%

Despite the lockdown and even without considering DPD freeze, there is considerable improvement in Q4FY20 asset quality

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Lockdown Preparation

Partial Lockdown

Actions started 2 weeks ahead of lockdown

- ✓ Enhanced IT security and increased capacity of IT systems
- ✓ Preparations were made to ensure that IT systems are in place much before lockdown started
- ✓ Centralized emergency response team set up to monitor government directives and make internal communication
- ✓ Employee safety accorded top priority
  - Postponed all meetings/events of large gatherings and issued advisory for travel (both personal and business)
  - Workplaces sanitized
  - Circulated precautionary Dos & Don'ts on personal hygiene
  - Incidence management reporting protocol defined for medical exigencies among employees / family members
- ✓ Steps taken to enable WFH for critical operations with specified protocol and productivity tracking mechanism
- ✓ For key identified operations, spread out 50% staff to work from different locations at head office and call centers
- ✓ To ensure seamless customer service, took proactive measures and encouraged customers to prioritize the usage of digital facility for services, payments, and inquiry
- ✓ Further ramped up digital collection through e-wallets and other digital payments

Systems and processes put in place to ensure Business Continuity even if there is full lockdown

Portfolio Actions

Partial Lockdown

	Actions being undertaken
Work Allocation	• Re-purposing of sales teams & sales call centres to enable debtor collection • Allocation of separate set of accounts to each team – Increased focus across various stages of debtors
Analytics	• Use of internal & external data sources to model propensity of payment – to help in better direction of field effort • Usage of analytics to use data sources for better understanding of macro-economic environment to drive improvement in collections
Incentives	• Roll-out of revised incentives across teams in line with the revised objectives • Focus on further conversion of customer through digital modes enabled • Roll-out of customer cashback schemes to drive digital payments
Customer Engagement	• Customer education to normalize accounts by clearing earlier dues • Leveraging developer relationships for HL accounts in CF/APF
Monitoring	• Monitoring of input and output parameters to drive results

Enabling the team to engage with customers more efficiently given macro-environmental conditions; continue to implement innovative measures to achieve the stated objective

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RBI's Moratorium Communication

Full Lockdown

First Circular - March 27, 2020

- RBI permitted the lenders to grant a moratorium of three months to all their borrowers
- No specific clarification on whether moratorium results in DPD freeze or not for installments falling due between March 1, 2020 to May 31, 2020

Second Circular – April 17, 2020 – IRACP Norms

- Dispensation provided under Income Recognition, Asset Classification & Provisioning (IRACP) norms
- Moratorium period, wherever granted, can be excluded from the number of days past-due (DPD)
- Can be applied on assets in 1-90 DPD bucket as on Mar 1 for asset classification under IRACP norms
- Required to create general provisions of at least 10% of the outstanding of such accounts
- Can be phased over two quarters with at least 5% in Q4FY20 & Q1FY21 each, for the accounts where asset classification benefit is extended
- General provisions to be adjusted against actual provisioning on slippages from the same accounts
- Remaining provisions as on Mar 31, 2021 – to be written back or adjusted against other provisions
- Disclosure requirements in the notes to accounts in the financial statements as on Mar 31, 2020; Sept 30, 2020 and Mar 31, 2021

Financial Institutions required to create 10% provision (5% each in Q4FY20 and Q1FY21) for standard but overdue accounts where moratorium is taken and asset classification benefit is extended

Moratorium: Product-wise Coverage of Customers

Full Lockdown

Product	LTFS' Moratorium Policy
Micro Loans	• All customers granted moratorium for 3 installments by default as per MFIN framework
Farm, TW & Consumer Loan	• Moratorium for 3 installments by default where no mandate of central clearance exists • For others, grant only upon receiving specific request (Opt-in) on a month-on-month basis
HL & LAP	• Similar to Farm; additionally, Opt-out option provided for no mandate customers
Real Estate	• Only upon receiving specific customer request based on case-by-case evaluation • Conservation of cash in DSRA in wake of uncertainty in future collection in escrow a/c
Infrastructure	• In line with Real Estate; additionally, subject to consensus among co-lenders & approval from NHAI for extension in schedule in case of IDF tripartite agreement cases

Guiding Principles of LTFS strategy

- **Being on the right side of the regulations**: Compliance with circular in letter and spirit
- **Being in sync with the industry:** Reached out to major players, associations before taking a call
- **Protecting our interest by collection, where feasible:** Opt-in for mandate customers
- **Being fair to the customers:** FAQs on website, reasonable opportunity to mandate customers to make their choice

% of borrower count who are being granted moratorium	ML	Farm	TW	CL	HL & LAP	Real Estate	Infra (Non-IDF)	IDF
Mar'20	100%*	31%	29%	32%	16%	28%	30%	21%

*Collection efficiency for ML portfolio is 98.8% in Mar'20; will be adjusted against the billing in June'20

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What worked for LTFH

ASSURANCE

Prudent ALM, adequate liquidity and well established liability franchise

Highest Credit Rating

Strong Balance Sheet

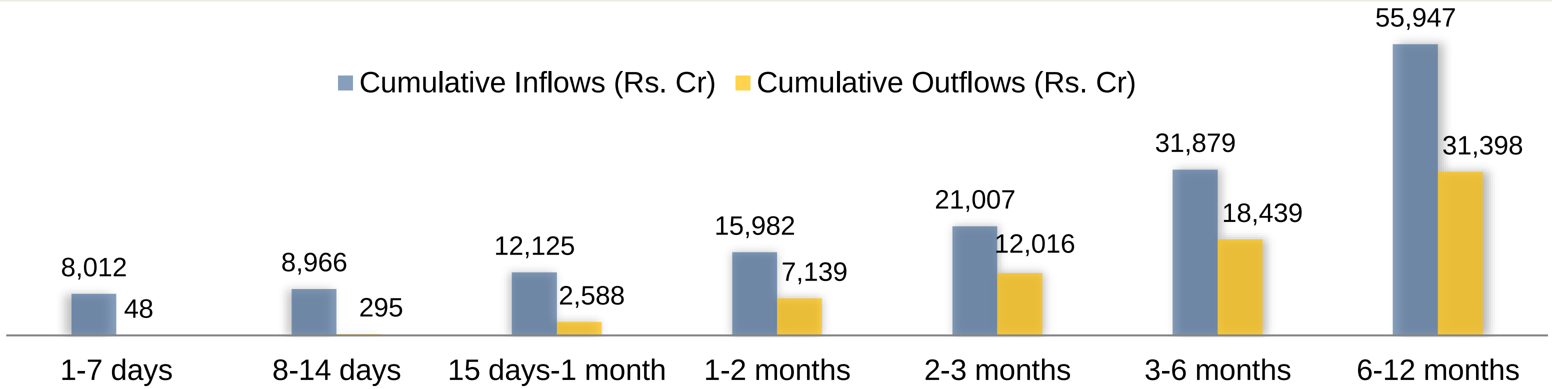
Stringent risk control measures and enhanced portfolio action post lockdown

Continuation of strategic Initiatives

1.1 Prudent ALM and adequate liquidity

As on 31st March, 2020

Structural Liquidity statement



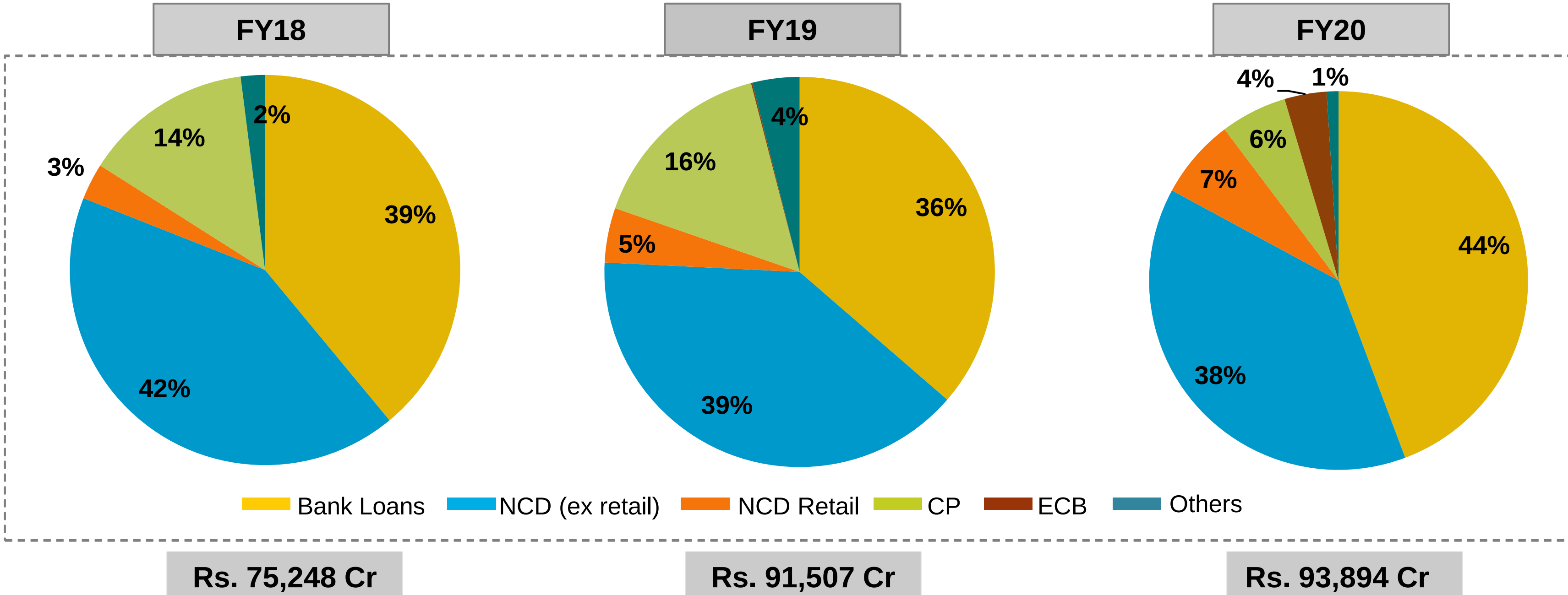
	1-7 days	8-14 days	15 days-1 month	1-2 months	2-3 months	3-6 months	6-12 months
Cumulative Positive Gap	**7,964**	**8,671**	**9,537**	**8,842**	**8,991**	**13,440**	**24,549**
Cumulative (%)	**16653%**	**2936%**	**369%**	**124%**	**75%**	**73%**	**78%**

- Maintained positive liquidity gaps for past 3 years, enabling us to tide over liquidity challenges
- As of Mar'20, Rs.15,485 Cr of liquidity is maintained through the following:
  - Liquid Assets in form of cash, FDs and other liquid investments of Rs. 8,468 Cr
  - Undrawn bank lines of Rs. 5,017 Cr and back up line from L&T of Rs. 2,000 Cr

Comfortably placed with adequate liquidity even after factoring the effect of moratorium and difficult conditions in the debt market

 All figures are in Rs. Cr

1.2 Well established liability franchise (1/2)

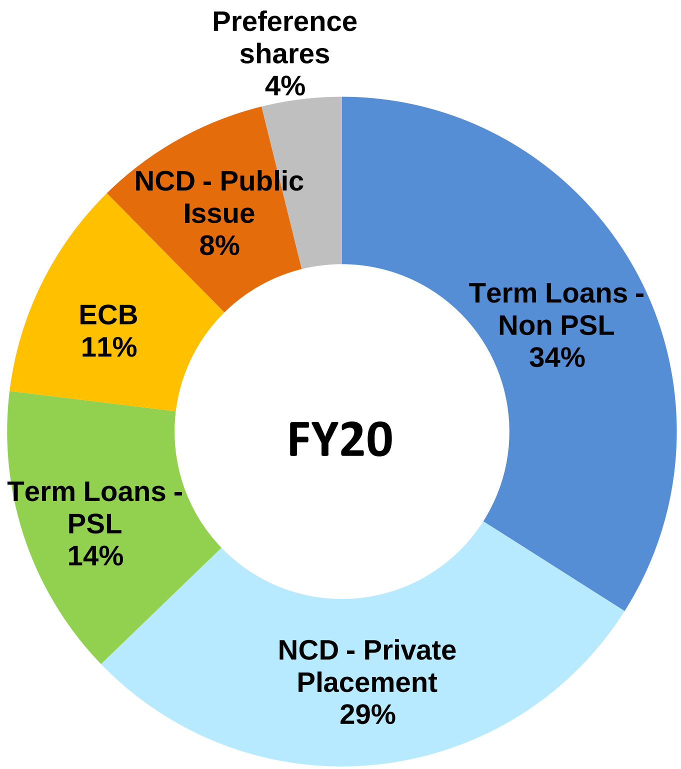


- **Focus on diversification by raising Rs. 9,415 Cr of long-term borrowing from new sources in FY20:**
  - **PSL:** Raised Rs 3,993 Cr (Q4FY20: Rs. 750 Cr, Q3FY20: Rs 1,818 Cr and Q2FY20: Rs 1,425 Cr)
  - **Retail NCD:** Raised Rs. 2,408 Cr (Q3FY20: Rs. 1,408 Cr and Q1FY20: Rs 1,000 Cr)
  - **ECBs:** Raised Rs. 3,014 Cr (Q3FY20: Rs. 426 Cr, Q2FY20: Rs. 686 Cr and Q1FY20: Rs. 1,902 Cr)
- **Reduction in CP from 16% to 6% in the past year, even though ALM allows a higher proportion of CP**

Strengthened liability profile with higher proportion of long term borrowing through diversified sources of funding

*Others include Preference shares, ICDs etc.

1.2 Well established liability franchise (2/2)



Rs. 28,225 Cr

Incremental Long Term Borrowing (Rs Cr)

Products	FY18	FY19	FY20	Q4FY20
Term Loans – Non PSL	6,220	8,722	9,598	2,058
NCD – Private Placement	11,135	8,332	8,123	4,441
Term Loans – PSL	-	-	3,993	750
ECBs	-	-	3,014	-
NCD – Public Issue	-	1,500	2,408	-
Preference shares	-	250	1,089	-
Total	**17,355**	**18,804**	**28,225**	**7,249**

Despite challenging environment, demonstrated ability to raise long-term funding from broad based sources, by raising highest ever annual long-term borrowings in FY20

PSL- Priority sector on-lending by banks to NBFCs

2. AAA Credit Rating for LTFH and all 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 and reaffirmed in May 2020 ➢ India Ratings reaffirmed in September 2019 and April 2020 ➢ ICRA and CARE reaffirmed in August 2019 • Amalgamation impact: On the proposed merger of L&T Housing Finance and L&T Infrastructure Finance with L&T Finance, all rating agencies have "Reaffirmed" the ratings in Mar-Apr 20

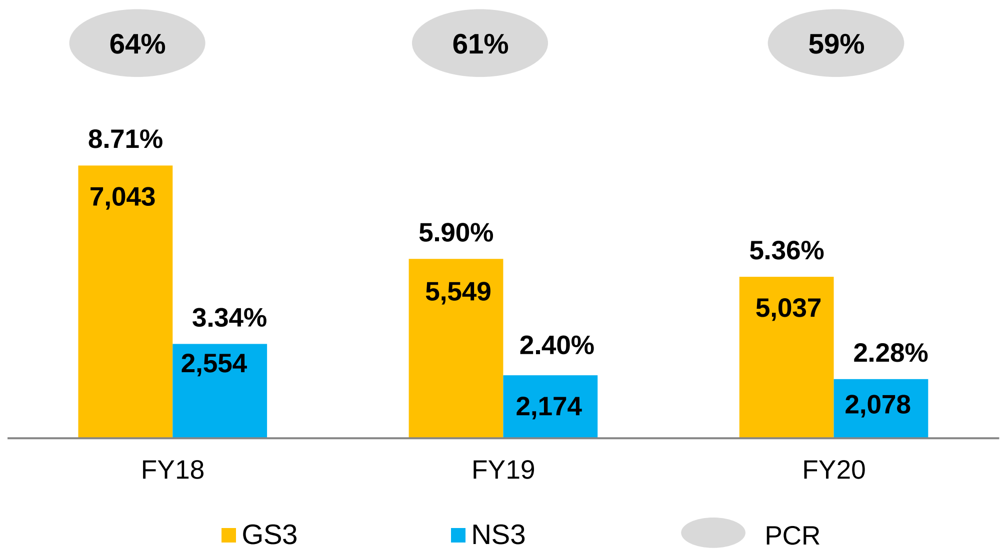
Key strengths highlighted by Rating Agencies

- **Liquidity**: Rating Agencies have analysed LTFS cash flow / liquidity position as at March-end in the light of Covid19, and they have considered the liquidity position of LTFS as adequate to meet all obligations over the next few months
- Diversified businesses, rationalisation of product offerings and strengthened risk profile across businesses
- Strategic importance and strong support to financial services business by the parent, Larsen and Toubro Ltd. (L&T: AAA)
- Experienced management team and prudent management policies

Robust business model, diversified business presence, improving asset quality and prudent ALM has led AAA rating being reaffirmed even in current environment, when the sector has seen multiple downgrades

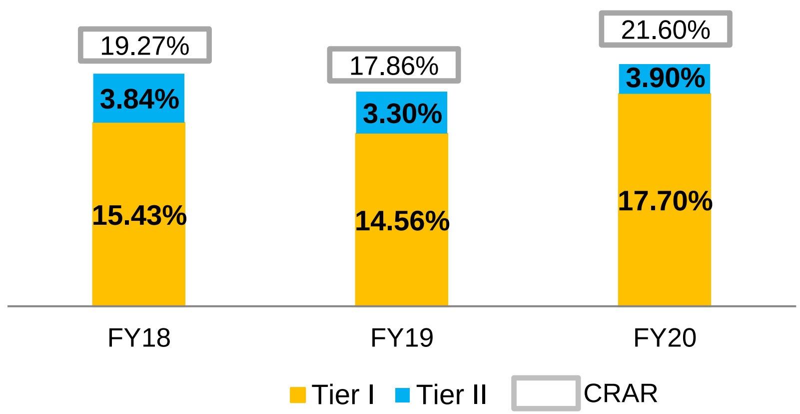
3.1 Strong Balance sheet (1/3)

Asset Quality



- Rule based centralized underwriting & new generation scorecards leading to better portfolio
- Strong EWS monitoring and robust collection mechanism has led to improved asset quality (even in absolute nos.)
- Nil additions in GS3 on Infrastructure project finance book sourced post 2012

Capital Adequacy



- Continue to maintain strong capital adequacy ratio
- Tier 1 capital for Q4FY20 stands at 17.70% (in excess of regulatory requirement)

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

FY18 figures are on IGAAP

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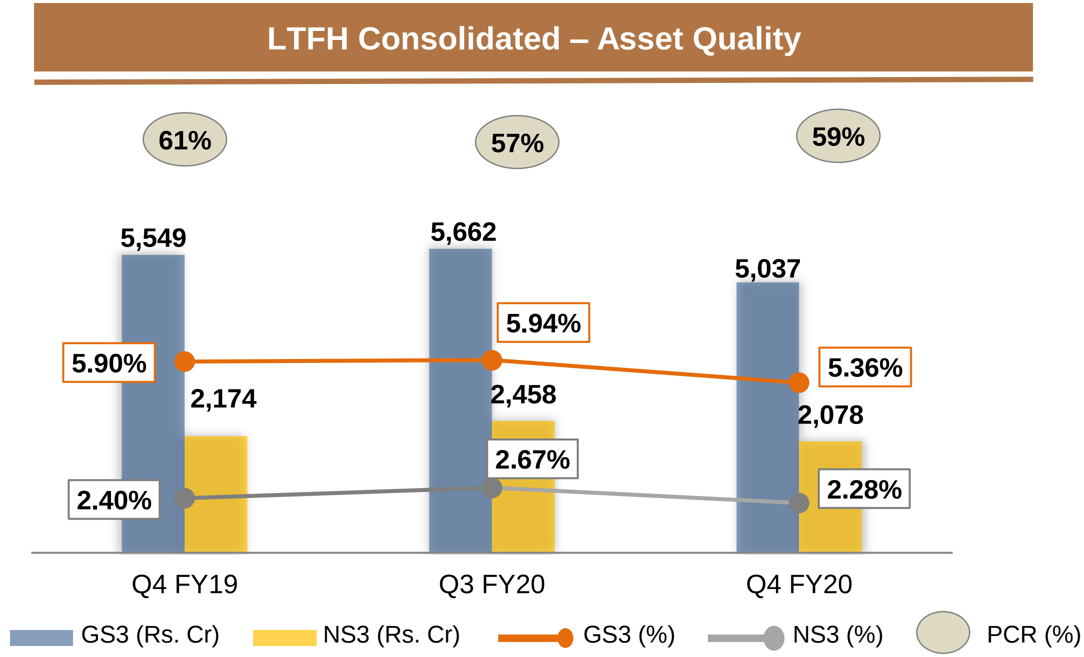
3.2 Strong Balance sheet (2/3)



Considerable improvement in Q4FY20 asset quality, despite the lockdown and even without considering DPD freeze

Asset Quality	Q3FY20	Q4FY20 (with DPD Freeze)	Q4FY20(No DPD Freeze)
GS3 (Rs Cr)	5,662	5,037	5,287
GS3 (%)	5.94%	5.36%	5.63%

Macro-prudential provisions, COVID-19 and enhanced provisions for Stage 2 assets at Rs. 664 Cr, are over and above the expected credit losses on GS3 assets and standard asset provisions

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

3.2 Strong Balance sheet – Additional provisions on Non GS3 book (3/3)

Particulars (Rs. Cr)	Total Lending Business
Loan book size (excluding GS3) - (1)	89,016
Provision on stage 1 and Stage 2 assets as per ECL model - (2)	**397**
Additional provisions - (3+4+5=6)	**664**
Macro Prudential provisions - (3)	350
Covid-19 Provisions @5% on 1-90 DPD book with moratorium - (4)	209
Enhanced ECL provisions on stage 2 assets basis higher LGD assumptions – (5)	105
Additional provisions as % of book – (6/1)	**0.75%**
Total provisions on book (excluding GS3 provisions) – (2+6=7)	**1,061**
Total provisions as % of book (excluding GS3 provisions) - (7/1)	**1.19%**

Strengthened balance sheet by creating additional provision over and above PCR on the GS3 book

4. Stringent risk control measures and enhanced portfolio actions post lockdown

Risk Framework already in place

- Clearly defined risk limits across various parameters including products, sector, geography, counterparty
- Scorecard-based centralized underwriting with focus on superior service proposition through TAT
- Use of data analytics for OEM, dealer and geography classification basis macro-economic indicators and credit quality trends
- Strong early warning signals with emphasis on “Zero DPD” through propensity to pay index and robust project monitoring
- Cash-flow based underwriting for Project Finance with focus on developer selection, project assessment and project monitoring through L&T knowledge ecosystem

Enhanced portfolio actions during Covid-19

- Impact assessment on business wise portfolios using stringent stress case scenario
- Tightening of LTV grid – reduction of max LTV offered under regular schemes to improve portfolio quality
- Usage of analytics and bureau information to determine cash flow position
- Alternate contact details of customers for efficient customer engagement
- Re-assessment of cash flow positions in construction finance and infrastructure projects basis current market conditions to ensure project completion

Data driven approach for efficient portfolio management leading to quality portfolio

Post lockdown, took further portfolio actions to mitigate risk

Strong risk management culture and enhanced portfolio actions implemented to deal with the current scenario

4.1.1 Strong risk control measures: Retail Finance

Rural, HL and LAP

	Actions taken to ensure quality portfolio
Farm	• Use of data analytics to determine OEM classification, geography selection and dealer penetration • Centrally controlled parameterized underwriting with focus on ensuring portfolio quality by analyzing tenure, ticket size, geography & climate patterns • Focus on early bucket collection and behavioural scorecard for collection prioritization
2W	• Underwriting based on fully automated Scorecard with self learning algorithm to ensures uniformity of application of rules • Periodical recalibration of underwriting scorecard based on loan tenure, LTV and credit quality trends in geographies
Micro Loans	• Focus on retention of existing good customers with excellent track record of repayments and leverage • Stringent Underwriting and EWS policy based on overall customer indebtedness, customer behavior and borrower level • Early warning signals for each borrower by monitoring customer indebtedness , repayment behavior and no. of lenders
HL / LAP	• Focus on salaried segment in projects of Cat A developers • Strong focus on direct sourcing through developer relationship (CF/APF) and analytics to offer pre-approved home loans • Cautious approach on self-employed segment with stringent credit policy

Continue steady improvement in asset quality by focusing on early warning signals, culture of 0 DPD & strong collection architecture

4.1.2 Strong risk control measures: Project Finance

Infrastructure and Real Estate

Actions taken to ensure quality portfolio

Real Estate

- Focus on funding to marquee developers with proven track record of project completion and ability to sell
- Gradually increased share of commercial portfolio with focus largely towards Grade A office space
- In residential space, funding mid and affordable projects which are less cyclical
- Financed adequately to ensure project completion; sole lenders in 97% of projects financed by us, to ensure full control on project execution
- Strong focus on project monitoring at regular interval to ensure project completion as per approved plan, cost and timelines
- Enhanced frequency of portfolio reviews to identify risks well before cash flow stress; leverage on group strengths to identify and execute corrective actions plans

Infrastructure Finance

- Focus on strong corporates and developers backed by global private equity players in Renewables and Road sector
- External risks like PPA, land acquisition, evacuation risk, promoter equity infusion and forex are appropriately mitigated
- Expertise and knowledge through L&T ecosystem helps to manage risks such as project cost, project cash flow and completion timelines through rigorous project monitoring
- Focus on early warning signal (EWS) to identify risks well before cash flow stress; leverage on group strengths to identify and execute corrective actions plans, if required
- Conservative underwriting by considering cash flow volatility, offering appropriate tenor based on project cash flow

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

4.2.1 Enhanced portfolio actions: Rural Finance

Further Strengthening Collection

- Usage of analytics for collection prioritization, contact enhancement
- Setting up Digital payment framework like UPI, Wallet, NEFT, Direct Website, Payment Gateways
- Capacitating call centers for calling debtor customers for digital payments

Usage of analytical models and bureau information to determine

- Cash flow availability with borrower
- Propensity to pay remotely
- Alternate contact detail
- Bounce probability and increase customer contact
- Alternate bank account for repeat bounce customers

Tightening Credit Controls

- Tightening of LTV grid – reduction of max LTV offered under regular schemes to improve portfolio quality
- Recalibration of exposure norms to make it more stringent
- Increasing proportion of better credit income proof borrowers

Adopted multipronged approach to enable collections in adverse scenario

4.2.2 Enhanced portfolio actions: Housing Finance

	Actions being undertaken
HL/LAP	• Enhanced touch free collections through digital payment modes (UPI, mobile wallet, net banking) • Arrest early bucket delinquencies through use of propensity model & centralised calling • Customer engagement ➢ Educating customers on financial impact of moratorium ➢ Proactively contacting all moratorium customers for June EMI (post end of moratorium) • Dynamic alignment of credit policy based upon continuous assessment of sectors impacted due to COVID-19
Real Estate	• Assessment of entire portfolio under highly stressed project collection scenario to gauge project level cash flow impact with specific action plan on debt servicing and resolution • Continuous engagement with ➢ Borrowers to assess group level impact on cash flows and construction progress ➢ Marketing agencies / IPC / local broker channel to assess changes in demand factors • Given that majority of projects were prepaying before scheduled repayment, there is sufficient cashflow buffer for these projects towards temporary drop in cashflows • DCCO extension permitted to Banks & NBFCs up to 2 years expected to mitigate any potential cash flow mismatch

HL / LAP: Deployed multiple touch points to give top priority to collections

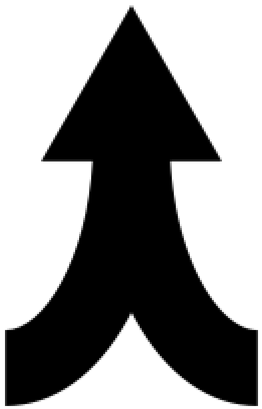
Real Estate: Disproportionate emphasis on project monitoring and project completion

4.2.3 Enhanced portfolio actions: Infrastructure Finance

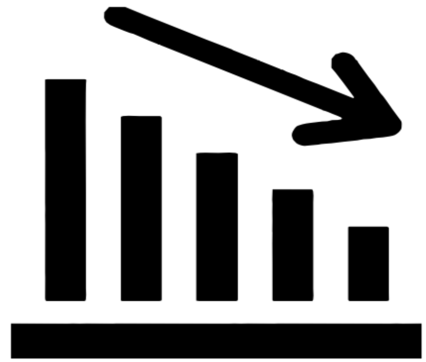
	Actions being undertaken
Renewables (Operational)	• Electricity falling under essential services, allows companies to have manpower at sites. No major impact on O&M • DSRA & TRA being reviewed in detail and controlled strictly • No material impact in solar and wind generation as average daily generation has been stable. Discoms continue to purchase power • Project performance (Discom payment & operations) is being tracked regularly
Renewables (Under Construction)	• MNRE granted time extension of lockdown period +30 days for implementation of projects • Cost overrun on account of interest on O/S loans and labour unavailability, is broadly within contingencies built-in into project cost • Continuous engagement with contractors and developers
Transmission	• Operational projects are operating at full capacity and there is no impact on revenue generation and collection • Compensation in the form of increase in tariff and extension in completion date is under discussion for under construction projects
Road (Operational)	• Majority of exposure to projects with Annuity cashflow, which are receiving timely payments from NHAI • For toll road projects, cash compensation / toll collection period extension is under discussion with NHAI • Debt servicing moratorium has been extended for some of the toll road projects
Road (Under Construction)	• Representation sent to NHAI - SCOD extension to be received for project completion; cash compensation is expected from NHAI as per concession agreement • Requisite contingencies for cost overrun, if any are in-built into project costs

Disproportionate emphasis on project monitoring and project completion

5. Continuation of strategic Initiatives



Merger of operating lending entities



Continued reduction in Defocused book

Completed sale of domestic Wealth business

5.1 Merger of operating lending entities (1/2)

One operating lending entity

L&T Finance Ltd - flagship lending subsidiary

Maximum synergy if L&T Finance is the continuing entity

Merger of all operating lending entities into L&T Finance Ltd.

L&T Housing Finance + L&T Infrastructure Finance to be merged with L&T Finance

Continue evaluating further simplification of structure

5.1 Merger of operating lending entities (2/2)

Benefits of merger

Enhanced governance and controls	• Enhanced governance standards • Better utilisation of management bandwidth
Improved ALM & Cost of Funds	• Superior cash-flow synergies in the merged entity enabling efficient ALM management ➢ Prudent liquidity management in each tenure bucket at merged entity ➢ Enhanced ability to optimize borrowing mix as well as cost of fund on back of strengthened and well diversified balance sheet
Value for stakeholders	• Simplification of structure will lead to ease of doing business under unified book

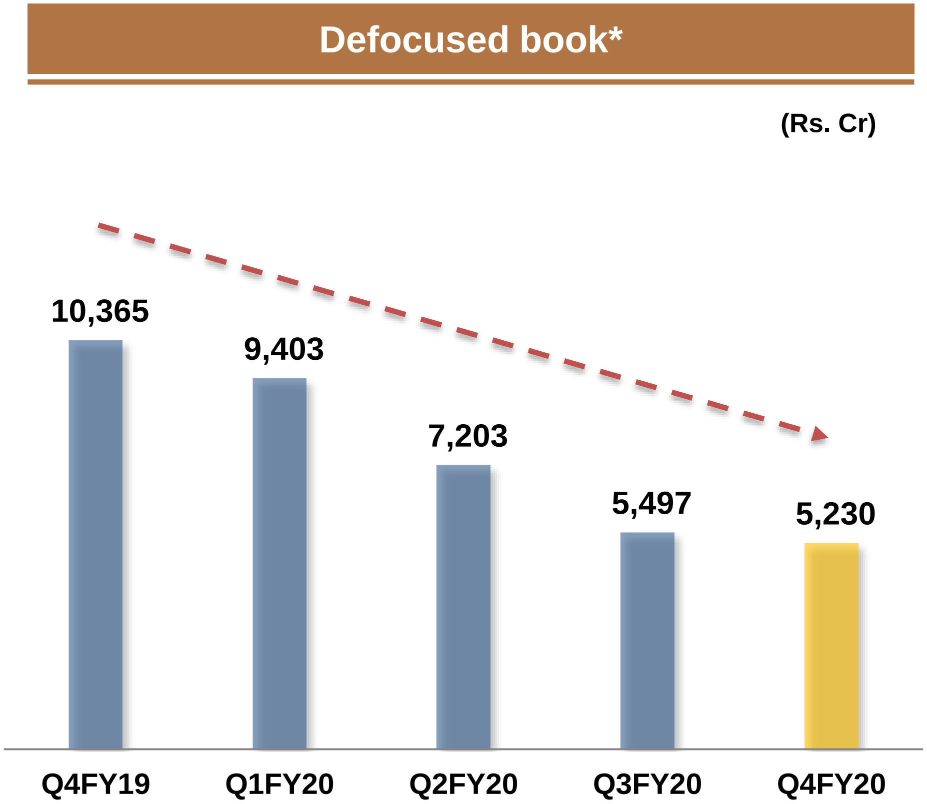
Implications of merger

Losing HFC status (Housing business)	• NBFCs allowed to avail SARFAESI benefit for loans above Rs. 50 lacs. There are alternate recovery options available for loans below Rs. 50 lacs • No further disbursements under affordable housing PMAY (Pradhan Mantri Awas Yojana) scheme; negligible impact on book and profitability. To explore alternative options for business sourced under PMAY
Losing IFC status (Infrastructure business)	• Various options being evaluated for IDF

Rural, Housing and Infrastructure finance continue to remain our focused lending businesses

Benefits arising out of Merger over long term will outweigh any short term impact

5.2 Continued reduction in Defocused book



Strong execution demonstrated in successfully running down the book to Rs. 5,230 Cr in Q4FY20 (reduction of 50% YoY)

* *Defocused book consists of DCM, Structured Corporate Finance and retail defocused book*

L&T Financial Services

5.3 Completed sale of domestic Wealth business

- **LTFH had entered into a definitive agreement to sell 100% stake of L&T Capital Markets to IIFL Wealth on 28th August 2019. Transaction completion was subject to regulatory approvals**

- **LTFH completed the 100% stake sale of L&T Capital Markets to IIFL Wealth on 24th April 2020 after receiving the required regulatory approvals**

- **The long term capital gains from the transaction can be utilized to further strengthen the balance sheet**

Agenda

A Q4 in perspective

B What worked for LTFH

C Q4 P&L explained

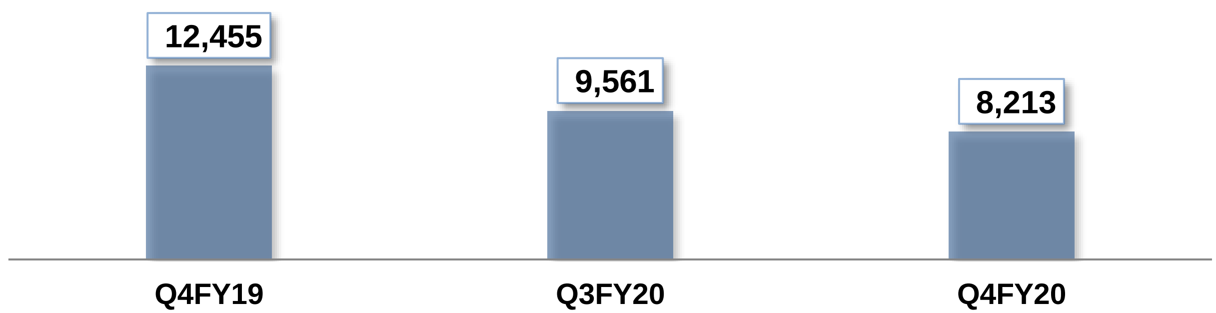
Summary of impact on results

Disbursements	Disbursements were impacted after 10th March 2020 across all businesses
Book	Impact on book mainly on account of reduction in Infra disbursements
Fees	Fees for the quarter is lower due to shortfall in disbursements
Interest Cost	Marginally lower WAC than Q3FY20 despite tightened liquidity
Credit Cost	Strengthen balance sheet through additional provision of Rs. 314 Cr. on account of; Covid-19 – Rs 209 Cr. and enhanced ECL provisions of Rs. 105 Cr. on stage 2 assets
GS3	Considerable improvement in asset quality, despite the lockdown and even without considering DPD freeze

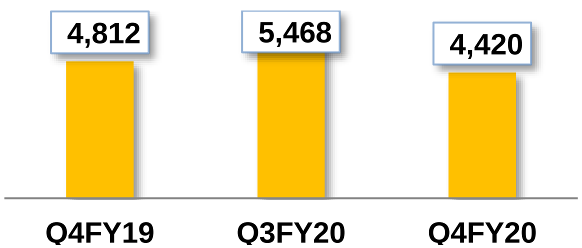
Profitability for the quarter was impacted largely due to the incremental provision taken to strengthen the balance sheet against the after effect of the pandemic

Disbursements

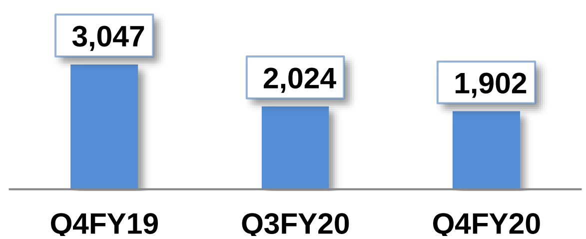
Focused Business



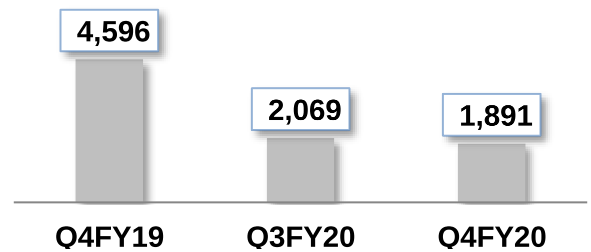
Rural Finance



Housing Finance



Infrastructure Finance



Disbursements at par with run rate till 10th March, before implementation of state-wise lockdown restrictions

- **Rural Finance**
  - ❖ Disbursements completely stopped in end March-20
  - ❖ Excluding Covid-19 impact, disbursement was broadly in line with run rate
- **Infrastructure Finance**
  - ❖ Paused substantial pre-planned disbursements due to lockdown related difficulties and increased risk perception

Book Growth

Lending Businesses

Rural Finance

Housing Finance

Infrastructure Finance

Non Lending Businesses

Investment Management

Q4FY19 → **Q4FY20**

Book

- Rural Finance: ↑ *8%*
- Housing Finance: ↑ *4%*
- Infrastructure Finance: ↑ *3%*

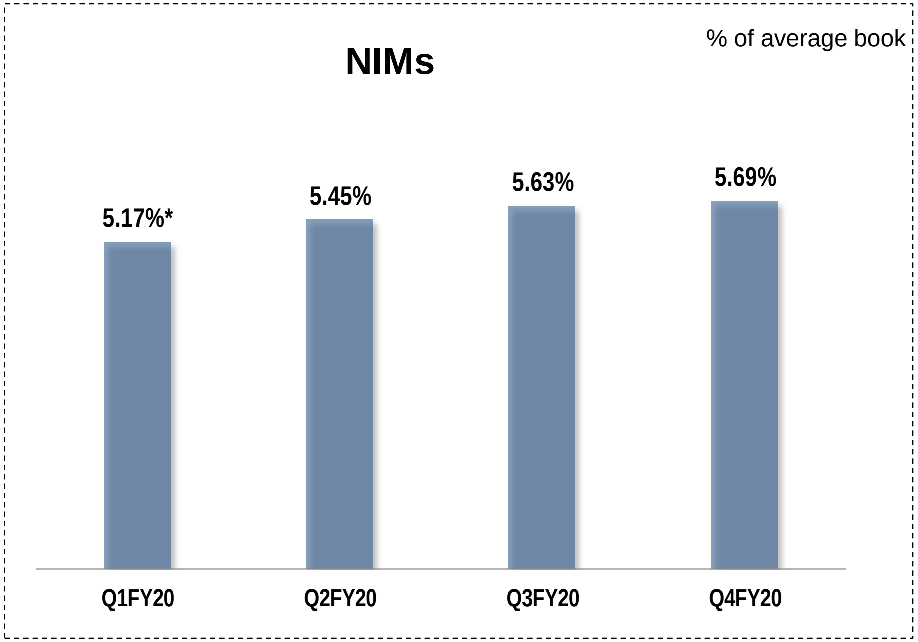
AAuM[1]

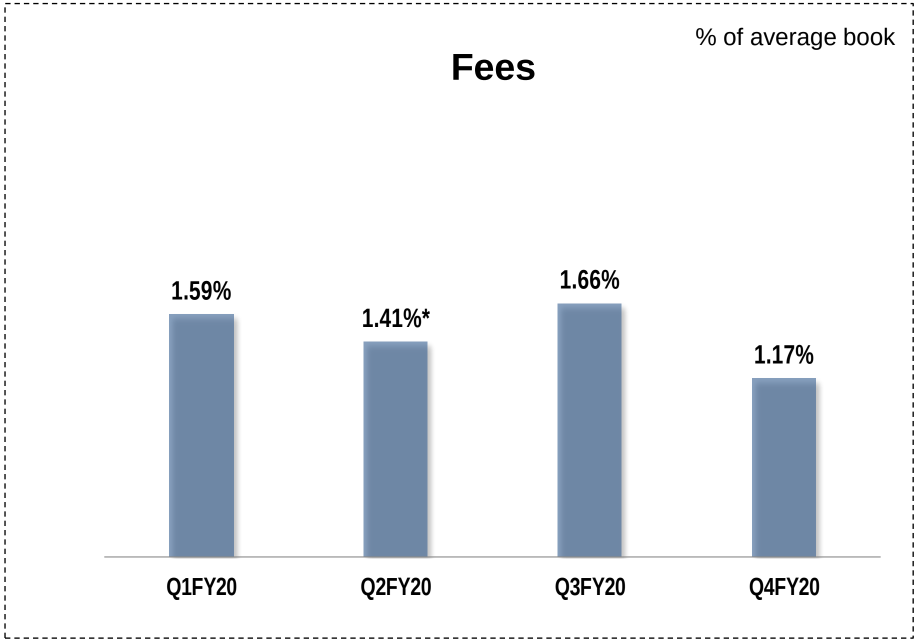
- Investment Management: ↔ *0%*

Impact on book mainly to the extent of reduction in Infra disbursements

[1] Investment Management – AAuM (quarterly average)

NIMs and Fees





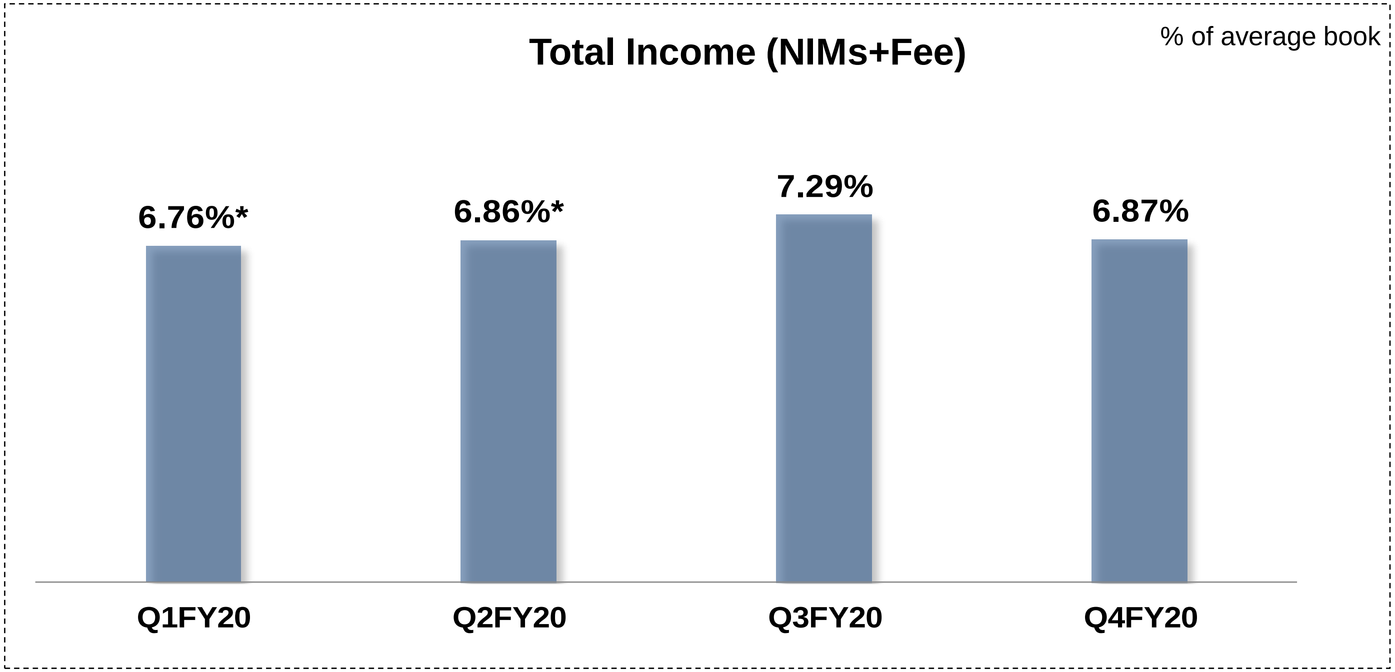
- Disbursements were impacted for the last 10-15 days of Q4FY20, and hence there is no substantial impact on NIMs
- Maintained higher liquidity (cash and cash equivalent) towards end of Q4FY20
  - ➢ Impact of negative carry is minimal in Q4FY20

- Fees has been impacted on account of lower disbursals across businesses

* Normalising for one-time impact
Actuals without normalization: NIMs Q1FY20 – 5.51% | Fees Q2FY20 – 1.88%

L&T Financial Services

NIMs + Fee Income



FY20 - 6.95%*

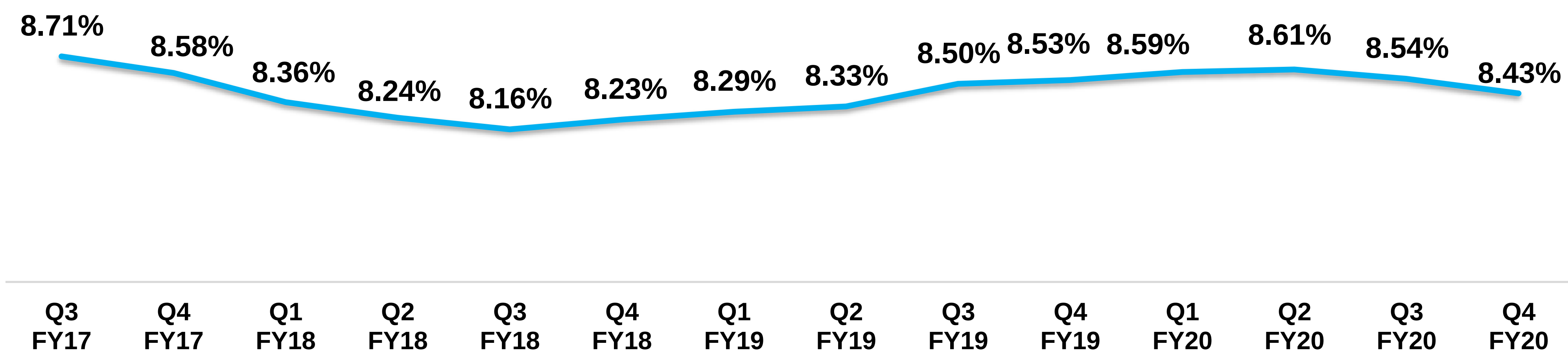
Despite lower disbursements, lower fee income and maintaining higher liquidity, we have been able to maintain NIMs+Fees in the desired range of 6.5%-7%

* Normalising for one-time impact

Actuals without normalization: Q1FY20 – 7.10% | Q2FY20 – 7.33% | FY20 – 7.15%

Weighted average cost on borrowings

Q-o-Q movement in WAC



- Consistent reduction in WAC despite tightened liquidity in the debt market
- Limited cost impact in Q4FY20 on account of additional borrowing to create liquidity buffer and higher borrowing cost on account of tighter debt markets

Effective liability management is demonstrated through constant improvement in WAC despite diversification, reduction in CP and increase in long-term borrowings

Credit cost

Credit Cost	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20
Credit Cost on focused business	431	357	285	414	445	455*
Credit Cost on defocused business	(11)	100	310	210	160	89
Additional Covid-19 provisions	-	-	-	-	-	209
Total Credit Cost	420	457	595	624	605	752
Credit Cost on focused business (%)	2.13%	1.69%	1.27%	1.81%	1.88%	1.94%*
Credit Cost (excl. additional provision) (%)	1.79%	1.91%	2.39%	2.49%	2.39%	2.19%

- ❖ Created additional provisions of Rs. 314 Cr. on account of:
  - ❖ Covid-19 provision of Rs. 209 Cr. in Q4FY20 (5% of 1-90 DPD book with moratorium)
  - ❖ Enhanced ECL provisions of Rs. 105 Cr. on stage 2 assets basis higher LGD assumptions
- ❖ Normal credit cost (excluding additional provisions of Rs. 314 Cr) of focused business indicate improved asset quality

* Excluding enhanced ECL provision of Rs. 105 Cr., credit cost stands at Rs. 350 Cr. and 1.49%

LTFH Consolidated – Summary financial performance

Performance Summary

Q4FY19	Q3FY20	Q4FY20	Y-o-Y %	Summary P&L (Rs. Cr)	FY19	FY20	Y-o-Y (%)
3,046	3,307	3,232	6%	Interest Income	11,426	13,080	14%
1,832	1,884	1,819	-1%	Interest Expense	6,859	7,513	10%
1,215	1,423	1,413	16%	NIM	4,567	5,567	**22%**
403	418	291	-28%	Fee & Other Income	1,594	1,576	-1%
1,618	1,841	1,705	5%	Total Income	6,161	7,143	**16%**
405	507	513	26%	Operating Expense	1,500	1,891	26%
1,213	1,334	1,192	-2%	Earnings before credit cost	4,661	5,253	**13%**
457	605	543	19%	Credit Cost (excl. Covid-19 provision)	1,606	2,367	47%
-	-	209	-	Credit Cost (for Covid-19 provision)	-	209	-
548	**591**	**386**	**-29%**	**PAT before exceptional items**	**2,226**	**2,173**	**-2%**
-	**-**	-	-	**Exceptional items (DTA impact)**	**-**	**473**	-
548	**591**	**386**	**-29%**	**PAT to Equity Shareholders**	**2,226**	**1,700**	**-24%**

Particulars (Rs. Cr)	FY19	FY20	Y-o-Y(%)
Book	99,121	98,384	-1%
Networth	13,449	14,692	9%
Book Value per share (Rs.)	67	73	9%

Exceptional item refers to one-time impact of Rs. 473 Cr. on reversal of Deferred Tax Assets

L&T Financial Services

LTFH Consolidated – Key ratios

Key Ratios

Q4FY19	Q3FY20	Q4FY20	Key Ratios	FY19	FY20
12.75%	13.09%	13.02%	Yield	12.51%	13.09%
5.08%	5.63%	5.69%	Net Interest Margin	5.00%	5.57%
1.69%	1.66%	1.17%	Fee & Other Income	1.74%	1.58%
6.77%	7.29%	6.87%	NIM + Fee & Other Income	6.75%	7.15%
1.70%	2.01%	2.07%	Operating Expenses	1.64%	1.89%
5.07%	5.28%	4.80%	Earnings before credit cost	5.10%	5.26%
1.91%	2.39%	2.19%	Credit Cost (excl. Covid-19 provision)	1.76%	2.37%
-	-	0.84%	Credit Cost (for Covid-19 provision)	-	0.21%
2.14%	2.21%	1.46%	Return on Assets	2.29%	2.05%
6.50	5.85	5.81	Debt / Equity	6.50	5.81
16.57%	**16.51%**	**10.41%**	**Return on Equity**	**17.92%**	**14.96%**

Particulars	Tier I	Tier II	CRAR
Consolidated CRAR ratio	17.70%	3.90%	21.60%

L&T Financial Services

LTFH Consolidated – Capital allocation and RoE bridge: Q4FY20

Q4 FY19 PAT	Q4 FY19 Net worth	Q4 FY19 RoE	Business Segments (₹ Cr)	Q4 FY20 PAT	Q4 FY20 Net Worth	Q4 FY20 RoE	PAT Y-o-Y (%)
250	3,719	27.12%	Rural Finance	175	4,523	15.14%	(30%)
229	3,667	26.85%	Housing Finance	102	4,302	9.28%	(56%)
48	3,650	5.71%	Infrastructure Finance (ex IDF)	140	5,341	11.06%	191%
15	1.061	5.78%	IDF	45	1,267	14.56%	197%
542	**12,097**	**18.82%**	**Lending Business**	**462**	**15,433**	**12.07%**	**(15%)**
64	953	-	Investment Management	61	1,053	-	-
606	**13,050**	**19.45%**	**Focused Business Total**	**523**	**16,486**	**12.71%**	**(14%)**
(27)	1,542	-	De-focused	(70)	885	-	-
(31)	(1,143)	-	Others	(67)	(2,679)	-	-
548	**13,449**	**16.57%**	**LTFH Consol**	**386**	**14,692**	**10.41%**	**(29%)**

LTFH Consolidated – Capital allocation and RoE bridge: FY20

FY19			Business Segments (₹ Cr)	FY20			PAT Y-o-Y (%)
PAT	Net worth	RoE		PAT	Net Worth	RoE	
895	3,719	27.94%	Rural Finance	1,027	4,523	24.22%	15%
801	3,667	26.89%	Housing Finance	756	4,302	18.52%	(6%)
146	3,650	4.91%	Infrastructure Finance (ex IDF)	578	5,341	13.72%	295%
132	1,061	13.18%	IDF	205	1,267	17.55%	56%
1,974	**12,097**	**19.42%**	**Lending Business**	**2,566**	**15,433**	**18.73%**	**30%**
137	953	-	Investment Management	249	1,053	-	-
2,111	**13,050**	**19.07%**	**Focused Business Total**	**2,815**	**16,486**	**19.05%**	**33%**
236	1,542	-	De-focused	(457)	885	-	-
(121)	(1,143)	-	Others	(185)	(2,206)	-	-
2,226	**13,449**	**17.92%**	**LTFH Consol before exceptional items**	**2,173**	**15,165**	**14.96%**	**(2%)**
-	-		Less : Exceptional items (DTA impact)	473	473		
2,226	**13,449**		**LTFH Consol**	**1,700**	**14,692**		

L&T Financial Services

Outlook for FY21

Disbursements

- Retail - Disbursements to start gradually as the economy opens up
- Infra & RE - Largely limited to tranche disbursements. Fresh disbursements subject to higher risk controls
- Launch of SME business postponed till FY22 considering increased risk in SME sector

Cost Control

- Concentration on efficiencies and process re-engineering
- Continue to enhance strength by investing in technology infrastructure, data analytics framework etc.
- Full impact of cost control measures undertaken during FY20 to be visible from Q1FY21 onwards

Liquidity

- 1-in-10 scenario defined in our risk framework has helped us in current times
- However, enhanced liquidity levels to be maintained in the first 2 quarters

Collections

- Disproportionate focus towards collections
- Heavy use of data analytics for propensity based borrower approach
- Reorienting teams and incentives towards revised objectives

Portfolio Monitoring & Risk Control

- Highest attention given to close monitoring of portfolios
- Even stringent project monitoring towards cashflow and project completion for Infra / RE projects
- Tightening credit norms for fresh business disbursements

L&T Financial Services

Conclusion (1/2)

Q4FY20 performance was broadly in line with run rate till the nationwide lockdown was enforced:

- Gained market share in Farm and 2W while maintaining business strengths across the businesses
- Considerable improvement in asset quality, despite the lockdown and even without considering DPD freeze
- Maintained even higher liquidity in a market not conducive to fund raising
- Created additional provision of Rs. 314 Cr. on account of Covid-19 (5% on 1-90 DPD book with moratorium) and enhanced ECL provision on stage 2

Profitability for the quarter was impacted largely due to the incremental provision taken to strengthen the balance sheet against the after effect of the pandemic

The company remains resilient by continuing to focus on the strengths built over the past few years:

- Strong ALM and enhanced liquidity on the back of well established liability franchise
- AAA rating assigned / reaffirmed even in current environment, when the sector has seen multiple downgrades
- Existing stringent risk management framework further enhanced by specific portfolio actions taken for Covid-19 pandemic
- Strong balance sheet demonstrated through reduction in GS3 and comfortable capital adequacy
- Despite lockdown, demonstrated successful execution of strategic initiatives viz. completed sale of domestic wealth business, proposed merger of lending entities and reduced defocused book

Conclusion (2/2)

Outlook going forward

- Planning for the Black Swan scenario, an essential part of liquidity management
- Disproportionate attention given to collections through EWS, analytics based models etc. Stringent project monitoring towards cashflow and project completion
- Tightening credit norms for fresh business disbursements
- Cost control through operating efficiency and process re-engineering while maintaining our strength through investment in data analytics and technology infrastructure

Appendix

L&T Financial Services

Building Business Strengths

L&T Financial Services

Building and protecting strength

Rural Finance

	Industry	LTFH
Farm	• Market has seen de-growth of 9% in Q4FY20 vis-à-vis 10% degrowth in FY20 • Strong recovery seen in sales from Dec'19 – Feb'20 owing to higher Mandi prices, reservoir levels and bumper Rabi sowing • Farm cash flow prospects temporarily impacted due to labour shortage, transportation network and decline in Mandi prices	• Disbursement growth of 5%; book grew by 15% • Increase in market share to 15% in Q4 FY20 (14% in Q3 FY20) with increased contribution from refinance business • Conservative LTV maintained below 70% for the last 2 years, which has helped to improve the portfolio quality
2W	• Market has seen de-growth of 28% in Q4FY20 vis-à-vis 19% de-growth in FY20 • Margin pressure for OEMs & dealers in order to liquidate their BS-IV inventories • Impact of Covid-19 on economic growth, discretionary spending and higher price points of BS-VI TWs will be a deterrent for demand recovery	• Disbursement de-growth of 5%; book growth of 15%. Focus on capturing higher counter share at chosen dealers • Increase in market share to 11% in Q4FY20 vs. 9% in Q3FY20 in an interrupted quarter on back of superior service proposition • Selective sourcing through strict credit policies (LTV remained at 74%) while maintaining the TAT proposition
Micro Loans	• Industry size grew by 20% in FY20. Signs of over-leverage seen in certain areas • Rural areas dependent on local micro markets will drive growth for the industry, while urban areas will be affected • Smaller MFI players may face serious challenges in raising liquidity from the market	• Disbursement de-growth of 18% as we have tightened credit norms further in chosen areas; book remains flat • Focus on increasing share of existing good customers (51% in Q4FY20) and unleveraged new to credit customers (17%)

- **Gained market share by identifying right matrix for OEM, geography and dealer classification using data analytics**
- **Maintaining inherent strengths through TAT, data analytics, footprint expansion and process improvement to ensure continuous enhancement of our 'Right to Win'**

Building and protecting strength

Housing Finance

	Industry	LTFH
Home Loan	• Disbursements in Q4FY20 impacted owing to Covid-19 related lockdown • Prospective home buyers may defer their decisions on account of prevailing uncertainty owing to COVID-19 pandemic • However, long-term growth prospects for the sector remain good on account of low mortgage penetration in India	• Disbursement de-growth of 27%; book grew by 24%. Sourcing restricted to select set of A/A+ developers for under construction projects • Overall share of salaried customer increased from 48% to 64% YoY • Share of direct sourcing continues to stand at ~70%
LAP	• An adverse business environment coupled with the current lockdown further affected the cash flow and liquidity position of self employed segment • Given the increasing risk perception, industry is expected to be conservative while lending in this segment	• Disbursement de-growth of 51%; continue to maintain tight credit policy and conservative approach since past 2 years • Average LTV of portfolio is 53%
Real Estate	• Contrary to the last 3 years trends, the inventory overhang has increased by around 2-3 months, mainly owing to the lockdown • Both launches and sales are expected to decline for next 2 to 3 quarters • In CY19, office leasing grew by more than 25% (YoY), however, with the onset of Covid-19 the situation is unclear	• Continue disbursements to existing projects with focus on project completion • New sanctions primarily to marquee developers with stringent guardrails and focus on financial closure for project completion

Focus on salaried segment for retail segment and marquee developers for Real Estate with stringent guardrails

Building and protecting strength

Infrastructure Finance

Infrastructure Finance

Industry	LTFH
• Renewables, roads and transmission are amongst the few infra sectors showing growth • Government unveiled plan for enhanced investment in infrastructure space over next five years of ~Rs. 111 lakh Cr. (including projects under implementation) under National Infrastructure Pipeline (NIP) ➢ Rs. ~9.3 lakh Cr. allocated to renewable energy and ➢ Rs. 20.3 lakh Cr. allocated to road sector • MNRE declared Covid-19 as Force Majeure; timeline extension has been given to under construction renewable projects • Continuous support is being provided by MNRE to ensure must-run status of renewable plants • AP government set up a committee to renegotiate renewable energy contracts and expedite the dues clearance. In Feb-20, AP Govt sanctioned ~Rs. 3,000 Cr. to Discoms to clear power dues.	• Focus remains on key sectors: Road, Renewable and Transmission • Continued to maintain market share in renewable sector • As per CRISIL analysis, L&T Infra Finance is 2nd largest financier of HAM projects with sanctions to 15 projects • Funded 2 CGD projects in FY'20 in Phase 9 & Phase 10 of City Gas Distribution program (for AGP) • AP Discom has cleared dues till Sep-19 for our borrowers at an interim tariff of Rs. 2.44 per unit • Slowed down planned disbursement post Covid-19, on account of increased uncertainty

Market leadership position maintained in identified sectors

Building and protecting strength

Mutual Funds

Fund Performance

- Experienced investment team and superior fund performance has resulted in improvement in market ranking and higher growth than industry
  - ➢ On a 5-year performance, 5 out of 10 Equity schemes (71% of equity AUM) are in top 1 & 2 quartile
  - ➢ Fixed Income portfolio reasonably insulated in the current market as 91% of the fixed Income AUM is in high quality funds (non credit risk fund) with investments in highest rated securities of GOI / A1+ / AAA
  - ➢ Demonstrated Nil markdown in high quality funds and minimal markdowns in credit oriented funds

Operational Efficiency

- Creation of long term stable customer base has contributed to higher AUM growth
  - ➢ Higher proportion of individual customer's share in AUM – 61% (industry average - 52%)
  - ➢ Increase in investor base from 9.1 lakh to 30 lakh+ live folios since FY16
- Well diversified distribution channel mix: Banks & PCG (36%), National Distributors (27%) and IFAs (37%)

Profitability and its drivers

- Consistent improvement in profitability (since FY16) is achieved on the back of the following :
  - ➢ Gain in overall market share from 2.0% to 2.5%
  - ➢ Equity AUM mix rising from 44% to 51% on back of increase in equity market share from 2.6% to 3.3%
  - ➢ Branch rationalization, operational cost renegotiations and higher productivity led to reduction in C/I ratio

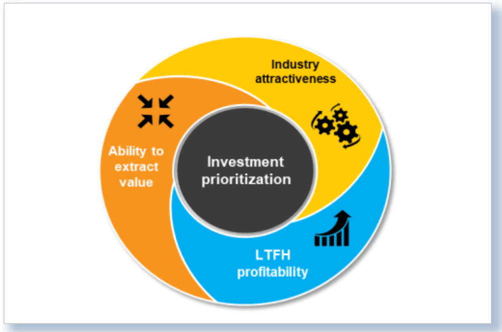
This has led to increase in PBT/AAUM from 8 bps to 35 bps

Superior fund performance, higher share of equity and rationalized cost has resulted in achieving desired profitability

L&T Financial Services

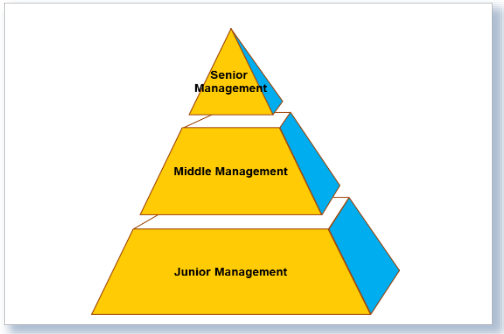
Merger of operating lending entities

Strategy Recap – FY17



Right Businesses
Key Proposition

Right Structure
Simplicity



Right People
Alignment

Continued focus on sustainable RoE for Shareholder Value Creation

L&T Financial Services

Right structure: Journey so far

Q3 FY17:	Merger of Consumer Financial Services with L&T Housing Finance (October 28, 2016)
Q4 FY17:	Merger of L&T Finance & L&T FinCorp with Family Credit (February 13, 2017)
Q3 FY18:	Merger of L&T Access Distribution Services with L&T Capital Markets (November 10, 2017)
Q2 FY19:	Incorporation of L&T Capital Markets (Middle East) in Dubai (July 1, 2018) to cater to regulatory requirements
Q2 & Q3 FY20:	Definitive agreement to sell - wealth management business (domestic & offshore)

	FY 16	FY 17	FY 18	FY 19	FY 20
No. of LTFS entities	16	13	12	13	11*

* Post sale transaction of Wealth business

Next steps towards “Right Structure”....

One operating lending entity

L&T Finance Ltd - flagship lending subsidiary

Maximum synergy if L&T Finance is the continuing entity

Merger of all operating lending entities into L&T Finance Ltd.

L&T Housing Finance + L&T Infrastructure Finance to be merged with L&T Finance

Continue evaluating further simplification of structure

Financial Update

Lending Business – Business wise disbursement split

Disbursement							
Q4FY19	**Q3FY20**	**Q4FY20**	**Y-o-Y (%)**	**Segments (Rs. Cr)**	**FY19**	**FY20**	**Y-o-Y (%)**
845	1,370	890	5%	Farm Equipment	3,864	3,821	-1%
1,262	1,495	1,203	-5%	2W Finance	4,968	4,901	-1%
2,705	2,561	2,216	-18%	Micro Loans	10,903	9,884	-9%
-	42	112	-	Consumer Loans	-	154	-
4,812	**5,468**	**4,420**	**-8%**	**Rural Finance**	**19,735**	**18,760**	**-5%**
808	706	594	-27%	Home Loans	2,661	2,612	-2%
227	150	111	-51%	LAP	1,144	591	-48%
2,013	1,168	1,197	-41%	Real Estate Finance	6,633	4,877	-26%
3,047	**2,024**	**1,902**	**-38%**	**Housing Finance**	**10,439**	**8,081**	**-23%**
4,256	1,445	1,885	-56%	Infrastructure Finance	14,082	9,017	-36%
340	624	6	-98%	Infra Debt Fund (IDF)	1,599	1,302	-19%
4,596	**2,069**	**1,891**	**-59%**	**Infrastructure Finance**	**15,681**	**10,319**	**-34%**
12,455	**9,561**	**8,213**	**-34%**	**Focused Business**	**45,855**	**37,160**	**-19%**
319	-	-	-100%	De-focused	12,370	-	-100%
12,774	**9,561**	**8,213**	**-36%**	**Total Disbursement**	**58,224**	**37,160**	**-36%**

L&T Financial Services

Lending Business – Business wise book split

Book				
Q4FY19	**Segments (Rs. Cr)**	**Q3FY20**	**Q4FY20**	**Y-o-Y (%)**
7,362	Farm Equipment	8,240	8,438	15%
5,739	2W Finance	6,423	6,575	15%
12,476	Micro Loans	12,889	12,495	0%
-	Consumer Loans	42	154	-
25,577	**Rural Finance**	**27,594**	**27,661**	**8%**
6,243	Home Loans	7,459	7,770	24%
4,249	LAP	4,015	3,881	-9%
15,027	Real Estate Finance	15,215	14,933	-1%
25,519	**Housing Finance**	**26,689**	**26,584**	**4%**
29,460	Infrastructure Finance	30,684	30,113	2%
8,201	Infra Debt Fund (IDF)	8,990	8,796	7%
37,660	**Infrastructure Finance**	**39,674**	**38,909**	**3%**
88,756	**Focused Business**	**93,956**	**93,154**	**5%**
10,365	De-focused	5,497	5,230	-50%
99,121	**Total Book***	**99,453**	**98,384**	**-1%**

* Excludes sovereign debt

L&T Financial Services

Rural Finance – Summary financial performance

Performance Summary

Q4FY19	Q3FY20	Q4FY20	Y-o-Y %	Summary P&L (Rs. Cr)	FY19	FY20	Y-o-Y (%)
1,155	1,311	1,317	14%	Interest Income	4,004	5,063	26%
421	490	464	10%	Interest Expense	1,490	1,908	28%
734	821	852	16%	NIM	2,513	3,155	26%
90	121	94	4%	Fee & Other Income	375	442	18%
824	942	946	15%	Total Income	2,888	3,597	25%
222	296	302	36%	Operating Expense	746	1,119	50%
602	646	644	7%	Earnings before credit cost	2,142	2,477	16%
252	276	378	50%	Credit Cost (excl. Covid-19 provision)	902	1,128	25%
-	-	57	-	Credit Cost (for Covid-19 provision)	-	57	-
250	**290**	**175**	**-30%**	**PAT**	**895**	**1,027**	**15%**

Particulars (Rs. Cr)	FY19	FY20	Y-o-Y(%)
Book	25,577	27,661	8%
Networth	3,719	4,523	22%

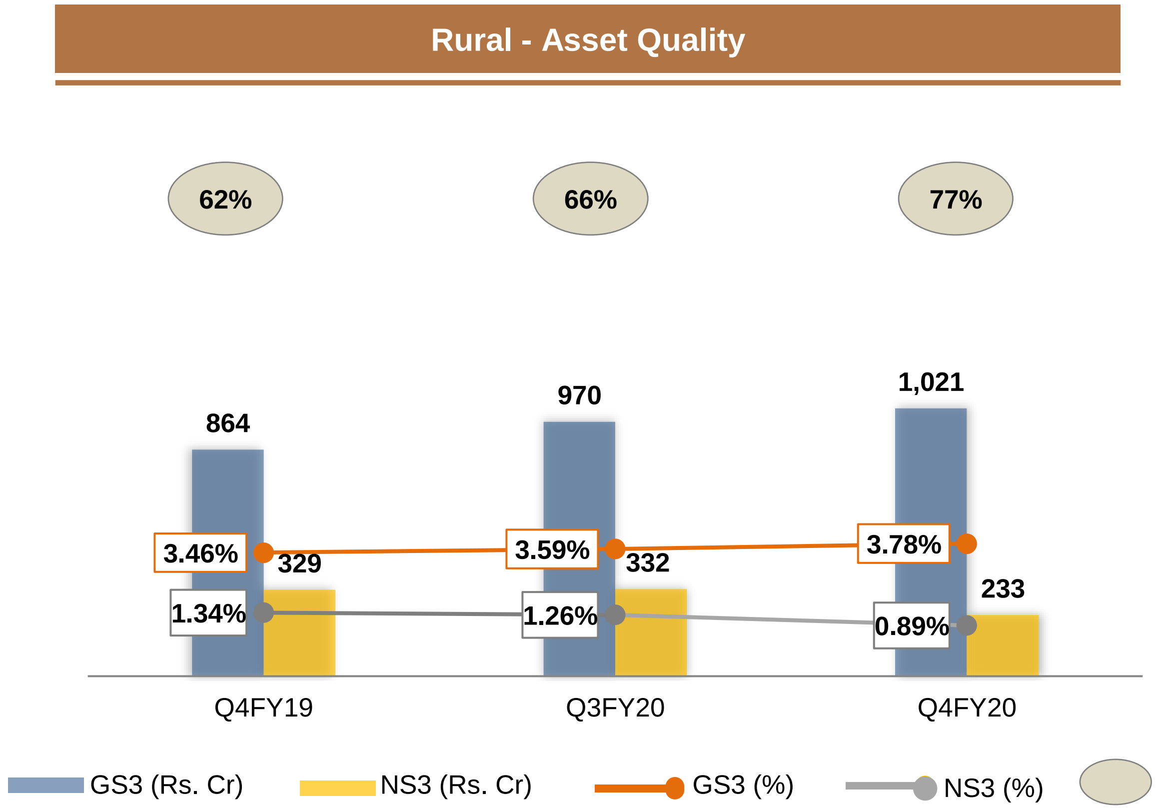
L&T Financial Services

Rural Finance – Key ratios

Key Ratios

Q4FY19	Q3FY20	Q4FY20	Key Ratios	FY19	FY20
18.85%	19.12%	18.97%	Yield	18.66%	18.89%
11.97%	11.90%	12.35%	Net Interest Margin	11.72%	11.77%
1.48%	1.76%	1.36%	Fee & Other Income	1.75%	1.65%
13.45%	13.66%	13.71%	NIM + Fee & Other Income	13.46%	13.42%
3.62%	4.29%	4.38%	Operating Expenses	3.48%	4.18%
9.83%	9.37%	9.33%	Earnings before credit cost	9.99%	9.24%
4.11%	4.00%	5.48%	Credit Cost (excl. Covid-19 provision)	4.20%	4.21%
-	-	0.83%	Credit Cost (for Covid-19 provision)	-	0.21%
3.98%	4.09%	2.46%	Return on Assets	4.09%	3.75%
5.67	4.94	4.93	Debt / Equity	5.67	4.93
27.12%	**26.45%**	**15.14%**	**Return on Equity**	**27.94%**	**24.22%**

Rural Finance - Asset quality



Additional provisions at Rs. 397 Cr., are over and above the expected credit losses on GS3 assets and standard asset provisions

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

Housing Finance – Summary financial performance

Performance Summary

Q4FY19	Q3FY20	Q4FY20	Y-o-Y %	Summary P&L (Rs. Cr)	FY19	FY20	Y-o-Y (%)
777	857	821	6%	Interest Income	2,762	3,350	21%
428	515	503	18%	Interest Expense	1,551	2,004	29%
349	343	317	-9%	NIM	1,211	1,346	11%
63	66	39	-37%	Fee & Other Income	263	221	-16%
412	409	357	-13%	Total Income	1,475	1,567	6%
46	82	85	84%	Operating Expense	171	300	76%
365	327	272	-26%	Earnings before credit cost	1,304	1,266	-3%
38	72	23	-39%	Credit Cost (excl. Covid-19 provision)	190	195	3%
-	-	133	-	Credit Cost (for Covid-19 provision)	-	133	-
229	**203**	**102**	**-56%**	**PAT**	**801**	**756**	**-6%**

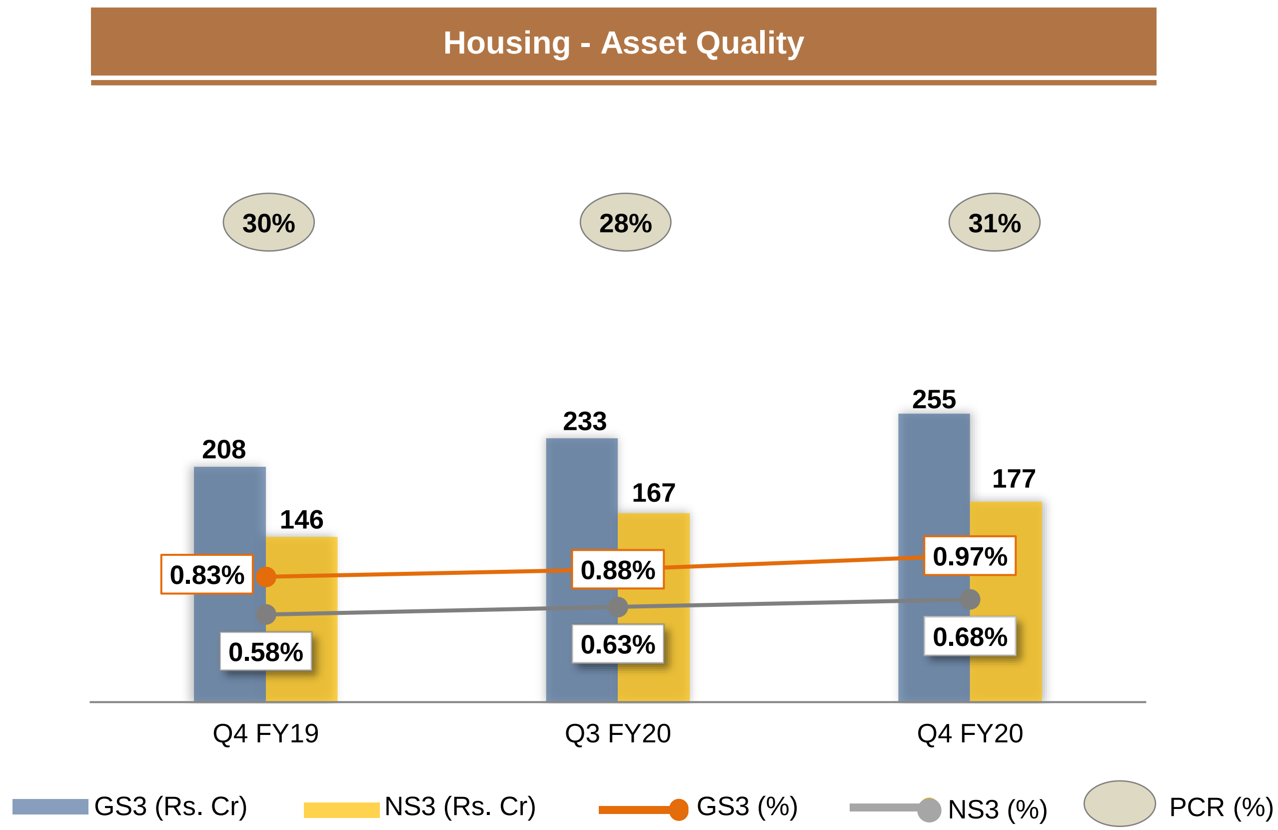
Particulars (Rs. Cr)	FY19	FY20	Y-o-Y(%)
Book	25,519	26,584	4%
Networth	3,667	4,302	17%

Housing Finance – Key ratios

Key Ratios					
Q4FY19	Q3FY20	Q4FY20	Key Ratios	FY19	FY20
12.90%	12.53%	12.29%	Yield	12.55%	12.58%
5.79%	5.01%	4.75%	Net Interest Margin	5.50%	5.06%
1.05%	0.97%	0.59%	Fee & Other Income	1.20%	0.83%
6.84%	5.97%	5.34%	NIM + Fee & Other Income	6.70%	5.89%
0.77%	1.20%	1.27%	Operating Expenses	0.78%	1.13%
6.07%	4.78%	4.07%	Earnings before credit cost	5.93%	4.76%
0.64%	1.05%	0.35%	Credit Cost (excl. Covid-19 provision)	0.86%	0.73%
-	-	1.99%	Credit Cost (for Covid-19 provision)	-	0.50%
3.51%	2.73%	1.37%	Return on Assets	3.37%	2.62%
5.99	5.50	5.59	Debt / Equity	5.99	5.59
26.85%	**19.34%**	**9.28%**	**Return on Equity**	**26.89%**	**18.52%**

L&T Financial Services

Housing Finance - Asset quality



Additional provisions at Rs. 248 Cr., are over and above the expected credit losses on GS3 assets and standard asset provisions

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

Infrastructure Finance (ex IDF) – Summary financial performance

Performance Summary

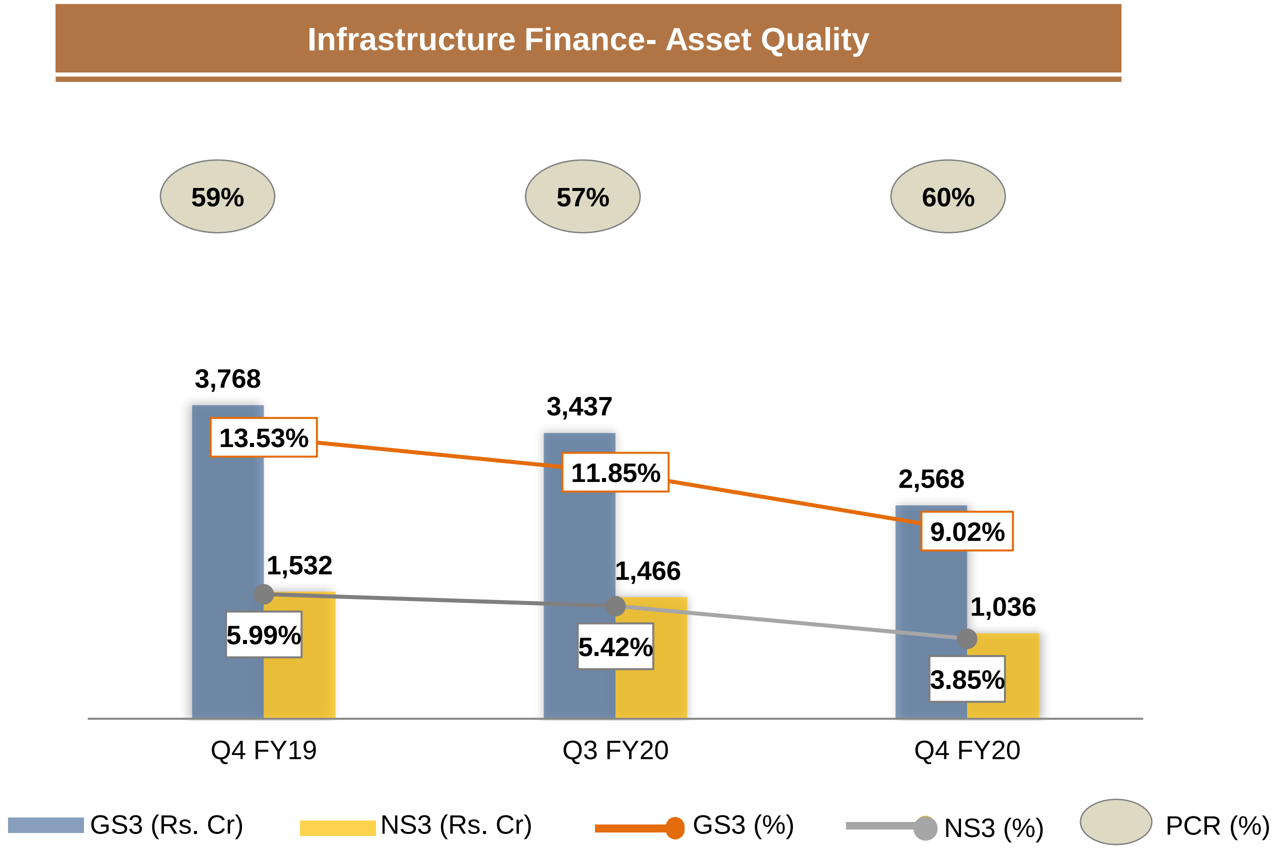
Q4FY19	Q3FY20	Q4FY20	Y-o-Y %	Summary P&L (Rs. Cr)	FY19	FY20	Y-o-Y (%)
678	770	766	13%	Interest Income	2,634	3,106	18%
547	572	555	1%	Interest Expense	2,110	2,273	8%
130	198	210	62%	NIM	525	834	59%
91	77	61	-33%	Fee & Other Income	364	332	-9%
221	276	271	23%	Total Income	888	1,166	31%
53	44	51	-3%	Operating Expense	194	185	-5%
168	232	220	31%	Earnings before credit cost	694	981	41%
66	97	54	-18%	Credit Cost (excl. Covid-19 provision)	447	273	-39%
-	-	17	-	Credit Cost (for Covid-19 provision)	-	17	-
48	**123**	**140**	**191%**	**PAT**	**146**	**578**	**-295%**

Particulars (Rs. Cr)	FY19	FY20	Y-o-Y(%)
Book	29,460	30,113	2%
Networth	3,650	5,341	46%

Infrastructure Finance (ex IDF) – Key ratios

Key Ratios					
Q4FY19	Q3FY20	Q4FY20	Key Ratios	FY19	FY20
9.70%	10.02%	9.98%	Yield	9.60%	10.25%
1.87%	2.58%	2.74%	Net Interest Margin	1.91%	2.75%
1.30%	1.01%	0.79%	Fee & Other Income	1.33%	1.10%
3.16%	3.58%	3.53%	NIM + Fee & Other Income	3.24%	3.85%
0.76%	0.57%	0.67%	Operating Expenses	0.71%	0.61%
2.40%	3.01%	2.86%	Earnings before credit cost	2.53%	3.24%
0.94%	1.26%	0.70%	Credit Cost (excl. Covid-19 provision)	1.63%	0.90%
-	-	0.22%	Credit Cost (for Covid-19 provision)	-	0.06%
0.66%	1.58%	1.80%	Return on Assets	0.52%	1.85%
6.85	5.08	4.72	Debt / Equity	6.85	4.72
5.71%	**11.79%**	**11.06%**	**Return on Equity**	**4.91%**	**13.72%**

Infrastructure Finance (ex IDF) - Asset quality



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

L&T Financial Services

IDF – Summary financial performance

Performance Summary							
Q4FY19	Q3FY20	Q4FY20	Y-o-Y %	Summary P&L (Rs. Cr)	FY19	FY20	Y-o-Y (%)
158	212	214	36%	Interest Income	691	859	24%
150	168	173	15%	Interest Expense	582	652	12%
8	43	41	432%	NIM	109	207	90%
13	14	13	0%	Fee & Other Income	63	36	-43%
21	58	55	160%	Total Income	173	244	41%
5	8	10	112%	Operating Expense	21	36	73%
16	49	44	174%	Earnings before credit cost	152	208	37%
1	1	(1)	-178%	Credit Cost	20	2	-89%
15	**49**	**45**	**197%**	**PAT**	**132**	**205**	**56%**

Particulars (Rs. Cr)	FY19	FY20	Y-o-Y(%)
Book	8,201	8,796	7%
Networth	1,061	1,267	19%

IDF – Key ratios

Key Ratios					
Q4FY19	Q3FY20	Q4FY20	Key Ratios	FY19	FY20
7.91%	9.60%	9.60%	Yield	9.02%	9.97%
0.39%	1.97%	1.85%	Net Interest Margin	1.43%	2.41%
0.66%	0.64%	0.59%	Fee & Other Income	0.83%	0.42%
1.05%	2.61%	2.45%	NIM + Fee & Other Income	2.25%	2.83%
0.24%	0.37%	0.45%	Operating Expenses	0.27%	0.42%
0.81%	2.24%	2.00%	Earnings before credit cost	1.98%	2.41%
0.05%	0.03%	-0.03%	Credit Cost	0.26%	0.03%
0.73%	2.07%	1.87%	Return on Assets	1.62%	2.25%
6.77	6.40	5.98	Debt / Equity	6.77	5.98
5.78%	16.30%	14.56%	**Return on Equity**	13.18%	17.55%

L&T Financial Services

IDF - Asset quality

IDF - Asset Quality

Asset Quality	Q4FY19	Q3FY20	Q4FY20
Book	8,201	8,990	8,796
GS3 (%)	Nil	Nil	Nil

GS3 - Gross Stage 3

Infrastructure Finance – Portfolio wise split

DISBURSEMENT

Sectors (Rs. Cr)	Q4FY19	Q3FY20	Q4FY20	Y-o-Y (%)
Renewable Power	2,175	1,478	1,159	-47%
Roads	2,106	159	412	-80%
Power Transmission	221	212	110	-50%
Others[1]	95	220	210	121%
Total	**4,596**	**2,069**	**1,891**	**-59%**

LOAN BOOK

Sectors (Rs. Cr)	Q4FY19	Q4FY19 (% of Total)	Q3FY20	Q3FY20 (% of Total)	Q4FY20	Q4FY20 (% of Total)	Y-o-Y (%)
Renewable Power	19,314	51%	20,720	**52%**	20,592	**53%**	7%
Roads	9,237	25%	9,272	**23%**	9,588	**25%**	4%
Power Transmission	1,473	4%	2,828	**7%**	2,672	**7%**	81%
Others[2]	7,636	20%	6,853	**17%**	6,057	**16%**	-21%
Total	**37,660**	**100%**	**39,674**	**100%**	**38,909**	**100%**	**3%**

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

L&T Financial Services

AUM disclosure – Investment Management Business

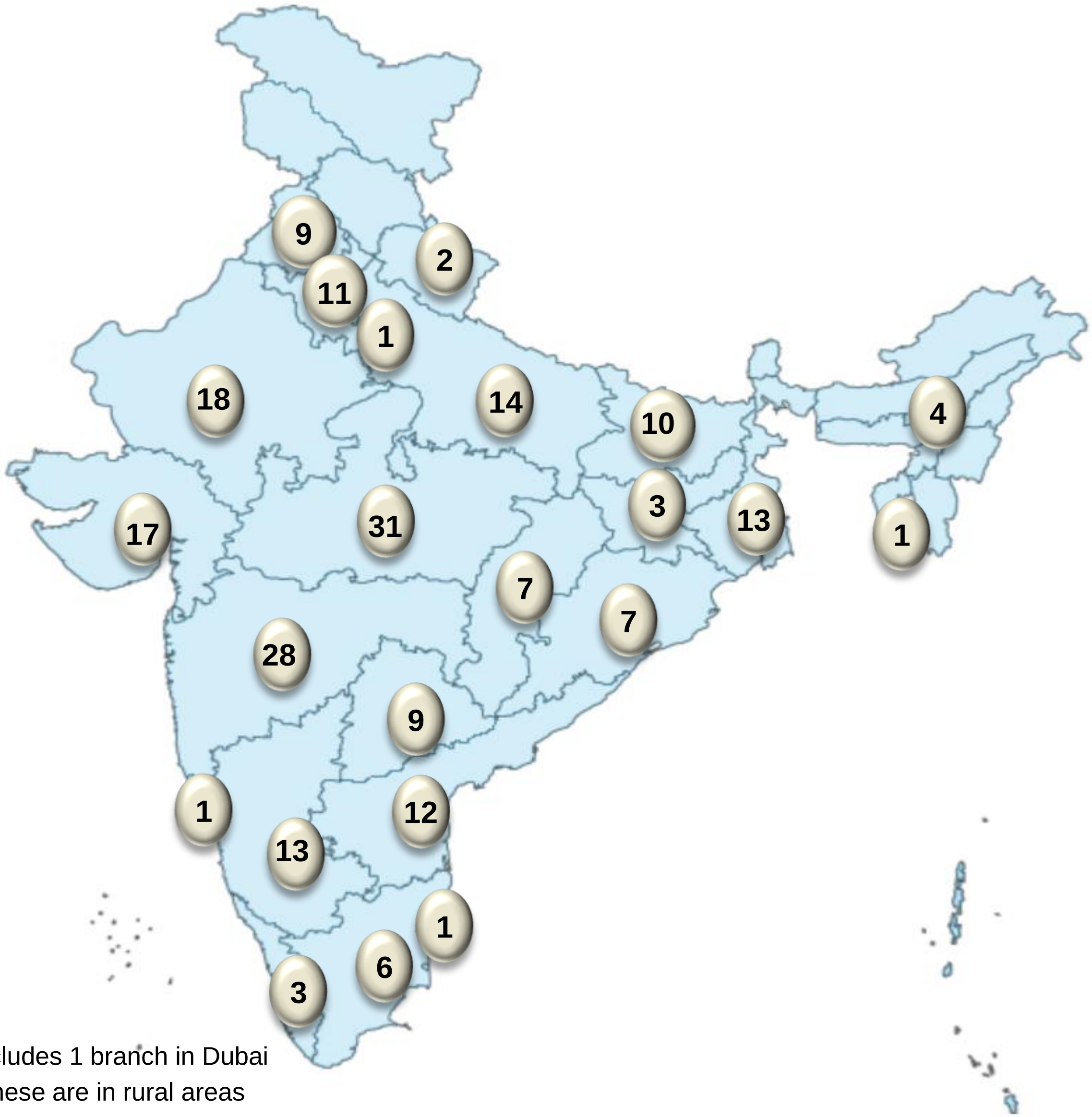
Assets under Management (Rs. Cr)						
	Quarter ended Mar, 2019		Quarter ended Dec, 2019		Quarter ended Mar, 2020	
Fund Type	**AUM[1]**	**Avg. AUM[2]**	**AUM[1]**	**Avg. AUM[2]**	**AUM[1]**	**Avg. AUM[2]**
Equity (Other than ELSS)	38,551	36,577	37,039	37,176	25,664	34,698
Equity – ELSS	3,338	3,163	3,381	3,347	2,346	3,179
Income	15,624	14,177	18,927	18,330	18,236	20,323
Liquid	12,049	16,896	11,328	12,608	8,557	12,731
Gilt	128	131	123	126	134	125
Total	**69,689**	**70,944**	**70,798**	**71,587**	**54,937**	**71,056**

[1] As on the last day of the Quarter [2] Average AUM for the Quarter

Product profile and Geographies

BUSINESS		Average Ticket Size	Average Tenor	Major Geographies
Rural	Farm Equipment	Rs. 3.8 Lakhs	43 months	MP, Karnataka, UP, Bihar, Telangana, Maharashtra, AP, Haryana
Rural	Two Wheeler	Rs. 62k	25 months	Kolkata, Pune, Mumbai, Bangalore, Hyderabad, Ahmedabad, Delhi
Rural	Micro Loan (Joint Liability Group)	Rs. 36k	24 months	TN, Bihar, Karnataka, West Bengal, Kerala, Orissa, MP
Rural	Consumer Loans	Rs. 1.4 Lakhs	35 months	Maharashtra, Gujarat, WB, Bihar, Karnataka
Housing	Home Loan	Rs. 39 Lakhs	18.5 years	Mumbai, Delhi, Bangalore, Pune, Hyderabad, Chennai & Surat
Housing	Loan against Property	Rs. 47 Lakhs	13 years	Bangalore, Pune, Mumbai, Delhi, Surat, Hyderabad

LTFH branch footprint



As of 31st March, 2020

No. of States & Union Territories	21 & 2
No. of branches*	221
No. of Micro Loans meeting centers**	1,532
No. of employees	23,761

*Also includes 1 branch in Dubai

**All these are in rural areas

L&T Financial Services

Corporate Social Responsibility

Directly linked to creating value

Digital financial inclusion

- 4.75 lakh plus community members trained on DFL by Digital Sakhis through Door to Door visits
- Capacity building of 5500 Women Entrepreneurs in various trades to enhance their income

Water resource management

- 23% raise in yearly agriculture income and 21% reduction in cost of production observed in Aurangabad, Buldhana & Jalna district
- Developed 6 Dense forest demo plot to maintain bio diversity, increase ground water recharge, decrease soil erosion

COVID-19 Response

PMCARES
Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund

- Contributed **20 Cr in PM CARES funds** to support the fight against COVID-19 pandemic in India
- Supported with **5,385 hygiene kits** (N95 Masks, 3 layer masks & hand sanitizer) to Mumbai Traffic Police under COVID-19 response

Awards & Recognition

Business Standard

Social Excellence

Award 2019

Most Socially Aware Corporate of the Year

(March, 2020)

Golden Peacock Award
Corporate Social Responsibility

(March, 2020)

Corporate Social Responsibility Award
Women Empowerment

(March, 2020)

10th India Digital Awards
Digital Sakhi

(February, 2020)

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)

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

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

Thomas Mathew T., *Independent Director*

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

Prabhakar B., *Non-Executive Director*

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

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

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

Nishi Vasudeva, *Independent Director*

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

Pavninder Singh, *Nominee Director*

- Managing Director with Bain Capital- Mumbai
- Earlier with Medrishi.com as Co-CEO and Consultant at Oliver Wyman

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

Raju Dodti
CE – Infrastructure Finance
21 yrs exp, IDFC, Rabo, ABN Amro, Soc Gen

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

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

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

Abhishek Sharma
Chief Digital Officer
16 yrs exp, Indian Army

Deliver sustainable RoE

Registered Office:

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L&T Financial Services