July 16, 2020

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

Symbol: L&TFH

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

Security Code No.: 533519

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

Sub: Unaudited Financial Results (Consolidated and Standalone) for the quarter ended June 30, 2020 and submission of Investor / Analyst Presentation

Dear Sir / Madam,

Pursuant to Regulation 33 and Regulation 30 read with Para A of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), we hereby inform the Exchange that the Board of Directors ("Board") of the Company at its meeting held on July 16, 2020 has, inter alia, approved the Unaudited Financial Results (Consolidated and Standalone) of the Company for the quarter ended June 30, 2020.

Further, in accordance with Regulation 33(3)(b) of the Listing Regulations, the Company has submitted, in addition to Standalone Financial Results, Consolidated Financial Results of the Company to the Exchanges. Accordingly, please find enclosed Unaudited Financial Results (Consolidated and Standalone) for the quarter ended June 30, 2020 along with Limited Review Report of Statutory Auditors and press release. Also, in accordance with Regulation 47(1)(b) of the Listing Regulations, the Company would be publishing the Condensed Unaudited Consolidated Financial Results for the quarter ended June 30, 2020 in the newspapers.

The Board Meeting commenced at 1:35 p.m. and concluded at 5:13 p.m.

Further, with reference to our letter dated July 8, 2020 and pursuant to Regulation 30 read with Para A of Part A of Schedule III the Listing Regulations, please find enclosed presentation to be made to Institutional Investor(s) / Analyst(s) which 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 A.

Apurva Rathod
Company Secretary and Compliance Officer

Encl: As above

DELOITTE HASKINS & SELLS LLP
Chartered Accountants
Indiabulls Finance Centre, Tower 3
27th – 32nd Floor, Senapati Bapat Marg
Elphinstone Road (West)
Mumbai 400013.

B. K. KHARE & CO.
Chartered Accountants
706/708, Sharda Chambers
New Marine Lines
Mumbai 400004.

INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF
L&T FINANCE HOLDINGS LIMITED

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of **L&T FINANCE HOLDINGS LIMITED** (the "Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as the "Group"), for the quarter ended June 30, 2020 (the "Statement") being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements ("SRE") 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India ("ICAI"). A review of interim financial information consists of making inquiries, primarily of Parent's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

   We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

B. K. KHARE & CO. Chartered Accountants

4. The Statement includes the results of the following entities:

Sr. No.	Name of the Company	Nature of relationship
1	L&T Finance Limited	Subsidiary
2	L&T Infrastructure Finance Company Limited	Subsidiary
3	L&T Housing Finance Limited	Subsidiary
4	L&T Infra Debt Fund Limited	Subsidiary
5	L&T Infra Investment Partners Advisory Private Limited	Subsidiary
6	L&T Infra Investment Partners Trustee Private Limited	Subsidiary
7	L&T Investment Management Limited	Subsidiary
8	L&T Mutual Fund Trustee Limited	Subsidiary
9	L&T Capital Markets Limited (divestment of entire stake from April 24, 2020)	Subsidiary
10	L&T Financial Consultants Limited	Subsidiary
11	Mudit Cement Private Limited	Subsidiary
12	L&T Infra Investment Partners Fund	Subsidiary
13	L&T Capital Markets (Middle East) Limited	Subsidiary

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of the other auditors referred to in paragraph 7 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. We draw attention to Note 7 to the consolidated financial results in which the Company describes the uncertainties arising from the COVID 19 pandemic.

   Our conclusion on the Statement is not modified in respect of this matter.

7. We did not review the interim financial information/financial results of six subsidiaries included in the Statement, whose interim financial information/financial results reflect total revenues of ₹98.92 crore for the quarter ended June 30, 2020, total net profit after tax of ₹45.07 crore for the quarter ended June 30, 2020 and total comprehensive income of ₹45.59 crore for the quarter ended June 30, 2020, as considered in the Statement. These interim financial information/ financial results have been reviewed by the other auditors whose reports have been furnished to us by the Management, and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above.

   Our conclusion on the Statement is not modified in respect of these matters.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rupen K. Bhatt
(Partner)
(Membership No. 046930)
(UDIN:20046930AAAAEC3345)

Mumbai, July 16, 2020

For B. K. KHARE & CO.
Chartered Accountants
(Firm's Registration No. 105102W)

Shirish Rahalkar
(Partner)
(Membership No. 111212)
(UDIN:20111212AAAAKF7746)

Mumbai, July 16, 2020

L&T FINANCE HOLDINGS LIMITED

CIN. L67120MH2008PLC181833

Regd. Office : Brindavan, Plot No. 177, C.S.T. Road, Kalina, Santacruz (East), Mumbai - 400 098, Maharashtra, India

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(₹ in Crore)

STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2020

Sr. No.	Particulars	Quarter ended			Year ended
		June 30, 2020	March 31, 2020	June 30, 2019	March 31, 2020
		(Unaudited)	(Unaudited) (refer note 10)	(Unaudited)	(Audited)
	Revenue from operations				
(i)	Interest income	3,295.24	3,280.05	3,312.77	13,244.74
(ii)	Dividend income	0.01	0.02	0.03	0.12
(iii)	Rental income	1.51	1.63	3.77	9.03
(iv)	Fees and commission income	81.23	157.96	225.03	812.39
(v)	Net gain on fair value changes	9.07	(84.42)	52.94	109.22
(I)	**Total revenue from operations**	**3,387.06**	**3,355.24**	**3,594.54**	**14,175.50**
(II)	Other income	10.47	71.98	94.96	372.63
(III)	**Total income (I+II)**	**3,397.53**	**3,427.22**	**3,689.50**	**14,548.13**
	Expenses				
(i)	Finance costs	1,978.20	1,803.14	1,922.94	7,513.60
(ii)	Fees and commission expenses	-	11.17	3.22	17.51
(iii)	Net loss on fair value changes	138.81	37.69	-	107.53
(iv)	Net loss on derecognition of financial instruments under amortised cost category	45.87	102.39	49.91	274.22
(v)	Impairment on financial instruments	943.52	501.98	530.52	1,994.19
(vi)	Employee benefits expense	241.59	270.36	245.77	1,062.32
(vii)	Depreciation, amortisation and impairment	18.59	21.47	15.77	81.59
(viii)	Other expenses	157.30	223.08	178.74	817.09
(IV)	**Total expenses**	**3,523.88**	**2,971.28**	**2,946.87**	**11,868.05**
(V)	**Profit/(loss) before exceptional items and tax (III-IV)**	**(126.35)**	**455.94**	**742.63**	**2,680.08**
(VI)	Exceptional items (refer note 8)	225.61	-	-	-
(VII)	**Profit before tax (V+VI)**	**99.26**	**455.94**	**742.63**	**2,680.08**
(VIII)	Tax expense:				
	(1) Current tax	250.18	7.34	137.11	632.50
	(2) Deferred tax	(298.36)	63.74	56.10	(126.06)
(IX)	**Profit before impact of change in the rate on opening deferred tax (VII-VIII)**	**147.44**	**384.86**	**549.42**	**2,173.64**
(X)	Impact of change in the rate on opening deferred tax	-	-	-	473.38
(XI)	**Profit after tax (IX-X)**	**147.44**	**384.86**	**549.42**	**1,700.26**
(XII)	Add: Share in profit of associate company	-	-	-	-
(XIII)	**Profit after tax and share in profit of associate company (XI+XII)**	**147.44**	**384.86**	**549.42**	**1,700.26**
	Profit for the period/ year attributable to:				
	Owners of the company	148.31	386.15	548.79	1,700.17
	Non-controlling interest	(0.87)	(1.29)	0.63	0.09
(XIV)	**Other comprehensive income**	24.42	(116.12)	(29.69)	(159.36)
	A (i) Items that will not be reclassified to profit or loss				
	(a) Remeasurements of the defined benefit plans (net of tax)	0.82	(2.39)	(0.32)	(4.59)
	(b) Equity instruments through other comprehensive income	21.91	(36.00)	-	(56.16)
	B (i) Items that may be reclassified to profit or loss				
	(a) Debt instruments through other comprehensive income (net of tax)	13.22	5.31	(20.03)	0.16
	(b) The effective portion of gains and loss on hedging instruments in a cash flow hedge (net of tax)	(11.50)	(83.67)	(9.29)	(99.54)
	(c) Exchange differences in translating the financial statements of foreign operations (net)	(0.03)	0.63	(0.05)	0.77
	Other comprehensive income for the period/ year attributable to:				
	Owners of the company	24.42	(116.12)	(29.69)	(159.36)
	Non-controlling interest	-	-	-	-
(XV)	**Total comprehensive income (XIII+XIV)**	**171.86**	**268.74**	**519.73**	**1,540.90**
	Total comprehensive income for the period/ year attributable to:				
	Owners of the company	172.73	270.03	519.10	1,540.81
	Non-controlling interest	(0.87)	(1.29)	0.63	0.09
(XVI)	Paid-up equity share capital (face value of ₹ 10 each) (refer note 4)	2,004.85	2,004.83	1,999.53	2,004.83
(XVII)	Other equity				12,687.59
(XVIII)	**Earnings per share (*not annualised):**				
	(a) Basic (₹)	* 0.74	* 1.93	* 2.74	8.50
	(b) Diluted (₹)	* 0.74	* 1.92	* 2.74	8.46

Notes:

1 These consolidated financial results have been prepared in accordance with the recognition and measurement principles of Indian Accounting Standard ("Ind AS") prescribed under section 133 of the Companies Act 2013 (the "Act") read with relevant rules issued thereunder and the other accounting principles generally accepted in India.

2 These consolidated financials results have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on July 16, 2020. The Joint Statutory Auditors of the Company have carried out limited review of the aforesaid results.

3 The Company reports quarterly financial results of the group on a consolidated basis, pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended read with circular dated July 5, 2016. The standalone financial results are available on the website of the Company at www.ltfs.com, the website of BSE Limited ("BSE") at www.bseindia.com and on the website of National Stock Exchange of India Limited ("NSE") at www.nseindia.com. The specified items of the standalone financial results of the Company for the quarter ended June 30, 2020 are given below.

(₹ in Crore)

Particulars	Quarter ended			Year ended
	June 30, 2020	March 31, 2020	June 30, 2019	March 31, 2020
	(Unaudited)	(Unaudited) (refer note 10)	(Unaudited)	(Audited)
Total income from operations	24.68	412.75	25.18	522.38
Profit/(loss) before tax	174.30	341.69	(25.35)	283.74
Profit/(loss) after tax	125.91	339.81	(29.95)	266.81
Total comprehensive income	125.92	339.79	(29.98)	266.70

4 The Company, during the quarter ended June 30, 2020 has allotted 18,000 equity shares of ₹ 10 each, fully paid up, on exercise of options by employees, in accordance with the Company's Employee Stock Option Scheme(s).

5 During the quarter ended June 30, 2020, 8.15% Cumulative Compulsorily Redeemable Preference Shares (CRPS) amounting to ₹ 600.00 crore have been redeemed. The Company has paid final dividend of ₹ 4.99 crore on redeemed Preference Shares during the quarter.

6 Moratorium in accordance with the Reserve Bank of India (RBI) guidelines:
The outbreak of Covid-19 pandemic across the globe & India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. The RBI has issued guidelines relating to COVID-19 Regulatory Package dated March 27, 2020, April 17, 2020 and May 23, 2020 and in accordance therewith, the Company has proposed to offer a moratorium on the payment of instalments falling due between March 1, 2020 and August 31, 2020 to eligible borrowers. For all such accounts classified as standard and overdue as on February 29, 2020, where the moratorium is granted, the asset classification will remain standstill during the moratorium period (i.e. the number of days past due shall exclude the moratorium period for the purposes of asset classification as per the policy).

7 Estimation uncertainty relating to COVID-19 global health pandemic:
In assessing the recoverability of loans, receivables, intangible assets (including goodwill) and investments, the Group has considered internal and external sources of information, including credit reports, economic forecasts and industry reports upto the date of approval of these consolidated financial results. The Group has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the Group expects to recover the carrying amount of these assets. The eventual outcome of impact of the global health pandemic may be different from those estimated as on the date of approval of these financial results and the Group will continue to monitor any material changes to the future economic conditions. The Group has developed estimates and applied management overlays for the purpose of determination of the provision for impairment of financial assets.

8 Exceptional item during the quarter ended June 30, 2020 represents net gain of ₹ 225.61 crore on the divestment of entire stake in the subsidiary company, L&T Capital Market Limited. The transaction concluded on April 24, 2020.

9 Consolidated segment wise revenue, result, total assets and total liabilities in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

(₹ in Crore)

Sr. No.	Particulars	Quarter ended			Year ended
		June 30, 2020	March 31, 2020	June 30, 2019	March 31, 2020
		(Unaudited)	(Unaudited) (refer note 10)	(Unaudited)	(Audited)
	Gross segment revenue from continuing operations				
(a)	Rural finance	1,337.58	1,374.64	1,239.88	5,308.80
(b)	Housing finance	858.37	782.92	879.72	3,366.42
(c)	Infrastructure finance	997.20	1,012.79	1,112.74	4,385.01
(d)	Defocused business	119.45	87.43	249.79	665.70
(e)	Others	120.65	522.86	149.99	1,027.24
	Segment revenue from continuing operations	**3,433.25**	**3,780.64**	**3,632.12**	**14,753.17**
	Less: Inter segment revenue	(46.19)	(425.40)	(37.58)	(577.67)
	Revenue as per the statement of profit and loss	**3,387.06**	**3,355.24**	**3,594.54**	**14,175.50**
	Segment result (Profit/(loss) before tax)				
(a)	Rural finance	123.19	188.46	344.32	1,225.87
(b)	Housing finance	12.85	102.22	280.22	871.13
(c)	Infrastructure finance	22.68	195.95	331.43	919.45
(d)	Defocused business	(304.10)	(95.35)	(258.43)	(554.87)
(e)	Others	244.64	64.66	45.09	218.50
	Profit before tax	**99.26**	**455.94**	**742.63**	**2,680.08**
	Segment assets				
(a)	Rural finance	28,442.49	28,491.28	26,464.84	28,491.28
(b)	Housing finance	30,693.14	30,410.87	28,403.91	30,410.87
(c)	Infrastructure finance	42,617.05	41,705.39	39,721.61	41,705.39
(d)	Defocused business	4,946.19	5,230.76	9,386.67	5,230.76
(e)	Others *	12,484.26	12,878.62	11,450.31	12,878.62
	Sub total	**1,19,183.13**	**1,18,716.92**	**1,15,427.34**	**1,18,716.92**
	Less: Inter segment assets	(11,703.70)	(11,548.39)	(9,937.26)	(11,548.39)
	Segment assets	**1,07,479.43**	**1,07,168.53**	**1,05,490.08**	**1,07,168.53**
(f)	Unallocated	2,493.75	2,360.49	2,348.35	2,360.49
	Total assets	**1,09,973.18**	**1,09,529.02**	**1,07,838.43**	**1,09,529.02**
	Segment liabilities **				
(a)	Rural finance	24,580.34	24,613.00	22,928.22	24,613.00
(b)	Housing finance	26,948.52	26,631.96	24,956.73	26,631.96
(c)	Infrastructure finance	37,289.37	36,435.59	35,944.12	36,435.59
(d)	Defocused business	4,389.37	4,489.67	8,198.50	4,489.67
(e)	Others *	3,368.69	3,987.22	2,547.51	3,987.22
	Sub total	**96,576.29**	**96,157.44**	**94,575.08**	**96,157.44**
	Less: Inter segment liabilities	(1,607.86)	(1,429.19)	(766.13)	(1,429.19)
	Segment liabilities	**94,968.43**	**94,728.25**	**93,808.95**	**94,728.25**
(f)	Unallocated	123.91	108.35	41.60	108.35
	Total liabilities	**95,092.34**	**94,836.60**	**93,850.55**	**94,836.60**

* Includes group of assets and liabilities classfied as held for sale
** Including non controlling interest

(i) The Group has reported segment information as per Indian Accounting Standard 108 "Operating Segments" (Ind AS 108) read with SEBI circular dated July 5, 2016. The identification of operating segments is consistent with performance assessment and resource allocation by the management.

(ii) Segment composition :
Rural finance comprises of Farm Equipment Finance, Two Wheeler Finance, Micro Loans and Consumer Finance.
Housing finance comprises of Home Loans, Loan against Property and Real Estate Finance.
Infrastructure finance comprises of Infrastructure business.
Defocused Business comprises of Structured Corporate Loans, Debt Capital Market, Commercial Vehicle Finance, Construction Equipment Finance, SME term loans and Leases.
Others comprises of Asset Management, Wealth Management etc.
Unallocated represents tax assets and tax liabilities

10 The figures for the quarter ended March 31, 2020 are the balancing figures between audited figures in respect of full financial year and unaudited published year to date figures up to the third quarter of the respective financial year.

11 Previous period/year figures have been regrouped/reclassified to make them comparable with those of current period.

For and on behalf of the Board of Directors
L&T Finance Holdings Limited

Dinanath Dubhashi
Managing Director & Chief Executive Officer
(DIN :03545900)

Place : Mumbai
Date : July 16, 2020

Press Release

Thursday, July 16, Mumbai

L&T Finance Holdings Ltd. announces financial results for the quarter ended June 30, 2020

- **Faster than expected recovery in Rural segments; 19% YoY increase in Farm Equipment units financed during June**
- **Strong uptick in collections. Progressive improvement from April to June. QoQ reduction in debtors by Rs. 1,306 Cr. Collections further accelerated in July**
- **Reduction in Moratorium on Retail lending book from 79% in Mar-20 to 44% in Jun-20**
- **Decline in GS3 from 5.72% to 5.24% YoY. NS3 reduced from 2.48% to 1.71% YoY (PCR increased from 58% to 69%)**
- **Strengthened balance sheet further through provisions of Rs. 577 Cr over and above GS3 provisioning**
- **PAT at Rs. 148 Cr for Q1FY21 versus Rs. 549 Cr in Q1FY20. Adjusted for above provisions, PAT for Q1FY21 stood at Rs. 580 Cr**
- **Maintained enhanced structural liquidity at Rs. 16,669 Cr at group level**

L&T Finance Holdings (LTFH), a leading, well-diversified Non-Banking Financial Company (NBFC) announced the financial results for the quarter ended June 30, 2020.It is amongst the leading financiers across its focused businesses today and continues to leverage its strengths, built over the years, for building a stable and sustainable organization.

The company remained resilient in Q1FY21, enduring the challenges posed by COVID-19, by maintaining enhanced levels of liquidity, higher focus on restoring collection rhythm including digital modes of collection, and re-initiating disbursements with tightened credit norms. The company also prudently increased provisions to safeguard the balance sheet against uncertainties of the external environment. With roll out of moratorium 2.0, customer communication and engagement remained the key priority.

Key Highlights:

LTFH saw significant pick-up in collections and disbursements in June, thus highlighting the business robustness across the lending platforms. Businesses started returning to normalcy in the third month of the quarter and the company placed incremental focus on preserving asset quality, strengthening the balance sheet and further building on the business strengths.

A. Moratorium: LTFH followed the RBI's circulars of granting moratorium to customers and offered the option to all its customers. With the opening up and resumption of on-field collection, the team worked with customers to educate the benefits of timely payments. Consequently, the percentage of borrowers opting for moratorium drastically came down in Q1FY21 as against Q4FY20.
   - Considerable reduction in portfolio under moratorium for retail products from 79% in March-20 to 44% in June -20
   - The overall moratorium for Infrastructure finance, IDF and Real Estate borrowers remained close to 40%, as majority of the Infrastructure portfolio is operational and has a 'must run' status.

In addition, for projects under moratorium, the company has ensured that adequate liquidly is maintained in borrower's DSRA / TRA accounts.

B. **Collections:** LTFH placed higher focus on collection while educating the customers about the impact of moratorium. It's inherent strengths in data analytics were utilized to model propensity to pay and aid field collection efforts. On-ground collections started in all field locations except containment zones, with simultaneous push on digital collections and strengthening of collection infrastructure.

- Reduction in debtors by Rs.1,306 Cr and GS3 by Rs. 98 Cr on the back of improved 'on due date' collections primarily led by farm portfolio
- Consistent month on month increase in collection volumes, with retail collections till 14^{th} July about 15% higher than similar period in June'20.
- Month on month increase in collections from wholesale portfolio, with toll collections in June reaching 80% and escrow collections in Real estate reaching 33% of pre-Covid levels.
- Increased push towards collections from digital modes including payment wallets. First time digital collections for our Microloans portfolio

C. **Disbursements:** The Company focused on increasing reach and gradual ramping up of business:

- Retail businesses have seen an improved momentum on month on month basis
- In wholesale, disbursements have been limited to tranches with focus towards completing existing projects
- Positive sentiments in rural India with timely onset of monsoon and above normal reservoir storage
- Financed over 10,000 Farm Equipments in June (19% YoY increase)
- Retail disbursements expected to accelerate in Q2F20, Infrastructure and Real estate disbursements will depend upon the growth in the sector

D. **Liquidity:** LTFH is comfortably placed with adequate liquidity even after factoring the effect of moratorium and difficult conditions in the debt market. It's prudent ALM framework and well-diversified liability mix helped it navigate the market situation:

- Maintained positive liquidity gaps in all buckets up to 1 year, enabling us to tide over liquidity challenges
- Enhanced liquidity of Rs. 16,669 Cr including liquid assets of Rs. 9,082 Cr, undrawn bank lines of Rs. 5,587 Cr and back up line of Rs. 2,000 Cr from L&T Ltd.
- Received the first tranche of $ 50 million of the total $ 100 million ECB loan from Asian Infrastructure Investment Bank (AIIB). This development marks AIIB's first loan to a non-banking financial company (NBFC) in India

E. Strong Balance Sheet: The Gross Stage 3 assets of the company stood at 5.24% of its book, showing a reduction of 48 bps on YoY basis. The company also strengthened the PCR on stage 3 assets from 59% in Q4FY20 to 69% in Q1FY21.

Period	Q1FY20	Q4FY20	Q1FY21
Gross Stage 3	5,460	5,037	4,939
Net Stage 3	2,287	2,078	1,553
Gross Stage 3 %	5.72	5.36	5.24
Net Stage 3 %	2.48	2.28	1.71
Provision Coverage %	58	59	69

The company, in addition to above, prudently created an incremental provision of Rs. 577 Crs against its standard assets book in this quarter. It, resultantly, carries Rs. 1,244 Cr of provisions on account of macro prudential provisions, COVID-19 and accelerated ECL provisions on stage 1&2 assets, which are over and above the expected credit losses on GS3 and Stage 1&2 assets. The additional provisions translate to 1.39% of the standard book.

With this, the company firmly remains well prepared to deal with external uncertainties on account of COVID -19 and other macro-economic concerns.

LTFH continues to maintain strong capital adequacy of 21.18%

F. Focused Lending Book: The lending book of the focused businesses has remained flat, mainly to the extent of reduction in disbursements and moratorium on collections across businesses.

(Rs. Cr)	Q1FY20	Q1FY21	Book Growth (%)
Focused Lending Businesses			
Rural Finance	25,845	27,476	6
Housing Finance	26,033	26,954	4
Infrastructure Finance	38,623	39,276	2
Total Focused Book	**90,500**	**93,706**	**4**
Defocused Businesses	9,403	5,173	-45
Total Lending Book	**99,904**	**98,879**	**-1**

The Average Assets under Management (AAUM) of the Investment Management business stood at Rs.58,362 Cr in Q1FY21. The AUM for Equity and High-Quality Fixed income asset classes as on 30th June 2020 stood at Rs. 33,295 Cr and Rs. 12,442 Cr, with a growth of 19% and 14% respectively on QoQ basis

Financial Performance:

Profitability for the quarter was largely impacted due to interest cost on enhanced liquidity, lower fee income and most importantly, incremental provisions taken to strengthen the balance sheet against the after effect of the pandemic

The consolidated PAT is Rs. 148 Cr for Q1FY21 from Rs. 549 Cr in Q1FY20 on account of:

- Lower NIMs +Fees at 5.78% (Q1FY21) vs 6.76% (Q1FY20)
    - Negative carry on account of maintaining higher liquidity buffer of Rs 6,600 Cr carried as a prudent measure – Rs.84 Cr
    - Lower fee income because of lower disbursals across businesses

- Incremental provisions of Rs. 577 Crs in Q1FY21 to strengthen balance sheet. Credit Cost in Q1FY21 is shown at Rs. 896 Cr Vs Rs. 595 Cr in Q1FY20
    - COVID-19 provision of Rs. 277 Cr. in Q1FY21 (5% of 1-90 DPD book with moratorium, along with Rs 209 Cr in Q4FY20)
    - Macro-prudential provisions of Rs. 300 Cr

Adjusted for the above incremental provisions, the PAT for Q1FY21 stood at Rs. 580 Cr.

Management Commentary:

Commenting on the financial results **Mr. Dinanath Dubhashi, Managing Director & CEO, LTFH**, said,

" The results of this quarter should be seen less as a quarterly result and more from the viewpoint of fortifying the company from any challenges arising in post-Covid scenario. Also, the various parameters should not be viewed on absolute levels but on the basis of progressive development from April to June as the company took advantage of gradual unlocking of markets.

As the world embraces the 'new normal' by adapting to the radical changes brought about by the pandemic, LTFH with its prudent business initiatives & proactive response mechanism, aided by the definite green shoots in the rural economy, is well poised to take it in its stride. This quarter, we focused on restoring the collection rhythm and maintaining the asset quality, especially through on-field customer outreach in non-containment zones. Our investments in digitalization and data-analytics capabilities over the past few years helped us switch gears seamlessly and enabled all our stakeholders to engage electronically. Enhanced provisioning, stronger risk controls, ample liquidity, along with a resilient business model and the revival seen in the rural economy from June onwards, give us the confidence that we will bounce back faster to the pre-Covid levels than anticipated."

About L&T Finance Holdings: LTFH (www.ltfs.com) is a financial holding company offering a focused range of financial products and services across rural, housing and infrastructure finance sectors, as well as in mutual fund products, through its wholly-owned subsidiaries, viz., L&T Finance Ltd., L&T Housing Finance Ltd., L&T Infrastructure Finance Company Ltd., L&T Infra Debt Fund Limited and L&T Investment Management Ltd. LTFH is registered with RBI as a CIC-ND-SI (1) L&T Infrastructure Debt Fund is indirectly wholly-owned subsidiary of LTFH with 100% of its shareholding held by LTFH along with its wholly-owned subsidiaries

LTFH is promoted by Larsen & Toubro Ltd. ("L&T") (www.larsentoubro.com), one of the leading companies in India, with interests in engineering, construction, electrical & electronics manufacturing & services, IT and financial services.

[1] Systemically Important Core Investment Company, a classification of Non-Banking Financial Company (NBFC) by RBI

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B. K. KHARE & CO.
Chartered Accountants
706/708, Sharda Chambers
New Marine Lines
Mumbai 400004.

INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM STANDALONE FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF
L&T FINANCE HOLDINGS LIMITED

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of **L&T FINANCE HOLDINGS LIMITED** (the "Company"), for the quarter ended June 30, 2020 (the "Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements ("SRE") 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India ("ICAI"). A review of interim financial information consists of making inquiries, primarily of the Company's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

4. Based on our review conducted as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

B. K. KHARE & CO. Chartered Accountants

5. We draw attention to Note 4 to the standalone financial results in which the Company describes the uncertainties arising from the COVID 19 pandemic.

   Our conclusion on the Statement is not modified in respect of this matter.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rupen K. Bhatt
(Partner)
(Membership No. 046930)
(UDIN:20046930AAAAEB1124)

Mumbai, July 16, 2020

For B. K. KHARE & CO.
Chartered Accountants
(Firm's Registration No. 105102W)

Shirish Rahalkar
(Partner)
(Membership No. 111212)
(UDIN:20111212AAAAKE4942)

Mumbai, July 16, 2020

L&T FINANCE HOLDINGS LIMITED
CIN. L67120MH2008PLC181833
Regd. Office-: Brindavan, Plot No. 177, C.S.T. Road, Kalina, Santacruz (East), Mumbai - 400 098, Maharashtra, India
Website: www.ltfs.com Email: igrc@ltfs.com Phone: +91 22 6212 5000 Fax: +91 22 6212 5553

(₹ in Crore)

STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2020

Sr. No.	Particulars	Quarter ended			Year ended
		June 30, 2020	March 31, 2020	June 30, 2019	March 31, 2020
		(Unaudited)	(Unaudited) (refer note 9)	(Unaudited)	(Audited)
	Revenue from operations				
(i)	Interest income	19.76	24.42	16.56	88.91
(ii)	Dividend income	-	375.91	-	386.37
(iii)	Net gain on fair value changes	-	0.16	-	0.16
(I)	**Total revenue from operations**	**19.76**	**400.49**	**16.56**	**475.44**
(II)	Other income	4.92	12.26	8.62	46.94
(III)	**Total income (I+II)**	**24.68**	**412.75**	**25.18**	**522.38**
	Expenses				
(i)	Finance costs	58.49	61.32	43.86	200.75
(ii)	Impairment on financial instruments	4.92	0.03	0.02	0.12
(iii)	Employee benefits expenses (refer note 6)	0.70	7.34	3.63	26.72
(iv)	Depreciation, amortization and impairment	0.12	0.12	0.12	0.48
(v)	Other expenses	10.83	2.25	2.90	10.57
(IV)	**Total expenses**	**75.06**	**71.06**	**50.53**	**238.64**
(V)	**Profit/(loss) before exceptional items and tax (III-IV)**	**(50.38)**	**341.69**	**(25.35)**	**283.74**
(VI)	Exceptional items (refer note 7)	224.68	-	-	-
(VII)	**Profit/(loss) before tax (V+VI)**	**174.30**	**341.69**	**(25.35)**	**283.74**
(VIII)	**Tax expense:**				
	(1) Current tax	48.44	16.35	-	16.35
	(2) Deferred tax	(0.05)	18.33	4.60	33.14
	(3) Current tax relating to earlier years	-	(32.80)	-	(32.80)
(IX)	**Profit/ (loss) before impact of change in the rate on opening deferred tax (VII-VIII)**	**125.91**	**339.81**	**(29.95)**	**267.05**
(X)	Impact of change in the rate on opening deferred tax	-	-	-	0.24
(XI)	**Profit/(loss) for the period/year (IX-X)**	**125.91**	**339.81**	**(29.95)**	**266.81**
(XII)	**Other comprehensive income**				
	(A) (i) Items that will not be reclassified to profit or loss				
	Remeasurements of the defined benefit plans	0.01	(0.02)	(0.03)	(0.11)
(XIII)	**Total comprehensive income (XI+XII)**	**125.92**	**339.79**	**(29.98)**	**266.70**
(XIV)	Paid-up equity share capital (Face value of ₹ 10/- each) (refer note 3)	2,004.85	2,004.83	1,999.53	2,004.83
(XV)	**Other equity**				**5,840.02**
(XVI)	**Earnings per equity share (*not annualised):**				
	(a) Basic (₹)	* 0.63	* 1.70	* (0.15)	1.33
	(b) Diluted (₹)	* 0.63	* 1.69	* (0.15)	1.33

Notes:

1 These financial results have been prepared in accordance with the recognition and measurement principles of Indian Accounting Standard ("Ind AS") prescribed under section 133 of the Companies Act 2013 (the "Act") read with relevant rules issued thereunder and the other accounting principles generally accepted in India.

2 The above results have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on July 16, 2020. The Joint Statutory Auditors of the Company have carried out limited review of the aforesaid results.

3 The Company, during the quarter ended June 30, 2020 has allotted 18,000 equity shares of ₹ 10 each, fully paid up, on exercise of options by employees, in accordance with the Company's Employee Stock Option Scheme(s).

4 Estimation uncertainty relating to COVID-19 global health pandemic:
In assessing the recoverability of loans, receivables, and investments, the Company has considered internal and external sources of information, including credit reports, economic forecasts and industry reports upto the date of approval of these standalone financial results. The Company has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The eventual outcome of impact of the global health pandemic may be different from those estimated as on the date of approval of these financial results and the Company will continue to monitor any material changes to the future economic conditions.

5 During the quarter ended June 30, 2020, 8.15% Cumulative Compulsorily Redeemable Preference Shares (CRPS) amounting to ₹ 600.00 crore have been redeemed. The Company has paid final dividend of ₹ 4.99 crore on redeemed Preference Shares during the quarter.

6 Employee benefit expenses includes reversal of employee stock options expenses on account of unvested lapses amounting to ₹ 4.35 crore during the quarter ended June 30, 2020.

7 Exceptional item during the quarter ended June 30, 2020 represents net gain of ₹ 224.68 crore on the divestment of entire stake in the subsidiary company, L&T Capital Market Limited. The transaction concluded on April 24, 2020.

8 The main business of the Company is investment activity. As such, there are no separate reportable segments as per the Ind AS 108 on Operating Segment.

9 The figures for the quarter ended March 31, 2020 are the balancing figures between audited figures in respect of full financial year and unaudited published year to date figures up to the third quarter of the respective financial year.

10 Previous period/year figures have been regrouped/reclassified to make them comparable with those of current period.

For and on behalf of the Board of Directors
L&T FINANCE HOLDINGS LIMITED

Dinanath Dubhashi
Managing Director & Chief Executive Officer
(DIN : 03545900)

Place : Mumbai
Date : July 16, 2020

Strategy & Results Update – Q1FY21

L&T Financial Services

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Disclaimer clause of NHB: L&T Housing Finance Limited ("**LTHF**"), a subsidiary of the Company has a valid certificate of registration dated December 14, 2012 issued by the National Housing Bank ("**NHB**") under section 29A of the National Housing Bank Act, 1987. However, the NHB does not accept any responsibility or guarantee about the present position as to the financial soundness of LTHF, or for the correctness of any of the statements or representations made or opinions expressed by LTHF, and for repayment of liabilities by LTHF.

The financial figures, information, data and ratios (audited and unaudited) other than consolidated PAT, provided in this presentation are management representation based on internal financial information system of the Company. These financial figures are based on restatement of certain line items in the consolidated financial statements of the Company and describe the manner in which the management of the Company monitors the financial performance of the Company. There is a possibility that these financial results for the current and previous periods may require adjustments due to changes in financial reporting requirements arising from new standards, modifications to the existing standards, guidelines issued by the Ministry of Corporate Affairs and RBI.

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 Q1 in perspective

B What worked for LTFH

C Q1 P&L explained

Q1FY21 Synopsis (1/3)

Progressive business pickup	Improved Asset Quality	Strong Balance Sheet
Strong recovery in collections especially in Rural. July collection trend better than June	GS3 reduced from 5.72% to 5.24% YoY	Inspite of strong collections recovery and improved asset quality; prudently created additional provisions
Rural recovery faster than expected led by Farm, financed 10,000+ tractors in June (19% YoY increase)	NS3 reduced from 2.48% to 1.71% YoY (PCR increased from 58% to 69%)	Created additional provisions of Rs 577 Cr. in Q1 FY21: • Macro prudential Rs.300 Cr • Covid 19 Rs 277 Cr
Uptick in IDF disbursement and focus on tranche disbursement in project finance portfolio	Strong focus on collection led to reduction in debtors and GS3 by ~Rs 1,300 Cr and ~Rs 100 Cr QoQ	With this, carrying additional provisions of Rs. 1,244 Cr (1.39%) on standard book - well prepared for any economic uncertainty
Disbursements expected to increase in Rural portfolio		

LTFH strongly positioned and ready to benefit from Rural recovery

Q1FY21 Synopsis (2/3)

April 2020 - Nation wide lockdown coupled with RBI moratorium

- Disbursement and collection activities at a standstill – complete closure of branches, MCs and point of sales
- Implemented portfolio action plans and tightened risk management framework
- Focused on moving collections to digital and electronic modes
- Shored up structural liquidity to ensure 3-month repayments even with Nil collections

May 2020 – Graded relaxation with commencement of operation in Green and Orange zones

- Continuous calibration of on-ground business strategy, amidst frequent changes in lockdown rules
- Focused on re-connecting with customers & driving collections despite lower manpower
- Improvement in collection volumes for Rural and Retail housing businesses
- Re-initiated Farm and Two wheeler disbursements in select geographies with tightened credit norms
- Continued maintenance of higher than normal structural liquidity

Q1FY21 Synopsis (3/3)

June 2020 – Re-establishing on-ground operations

- Significant uptick in collection volumes owing to on-field efforts and increased capacity of call centers
  - Drop in retail customers under moratorium in Jun'20 over May'20
  - Sharp reduction in debtors (~Rs. 1,300 Cr QoQ) and GS3 (~Rs 100 Cr) owing to concerted collection efforts
- Reinitiated retail disbursement with tightened credit norms & continued tranche disbursements in Project finance
  - Maintained leadership in Farm Equipment business, financing over 10,000 tractors (19% YoY increase)
- Continued to maintain enhanced structural liquidity at Rs 9,082 Cr
- Created Rs. 300 Cr of macro provisions, in addition to Covid-19 provisions (Rs. 277 Cr) to protect against uncertain environment post Moratorium

Q2FY21 and beyond – Strong recovery seen in Rural India, poised favorably to gain from the same

- Continued collection momentum in Retail portfolio with ML collections till 15th July already higher than June nos
- Disbursements momentum expected to pick up especially in Rural portfolio
- Raised incremental long term borrowings of ~Rs. 3,200 Cr till 15th July

Normalcy returning since Jun'20, especially in Rural India
Prudently created additional provisions to safeguard balance sheet
Strong pickup of collections and disbursements highlight business robustness across lending platforms

Q1FY21 in perspective

Lockdown till Apr / May — **Lockdown**

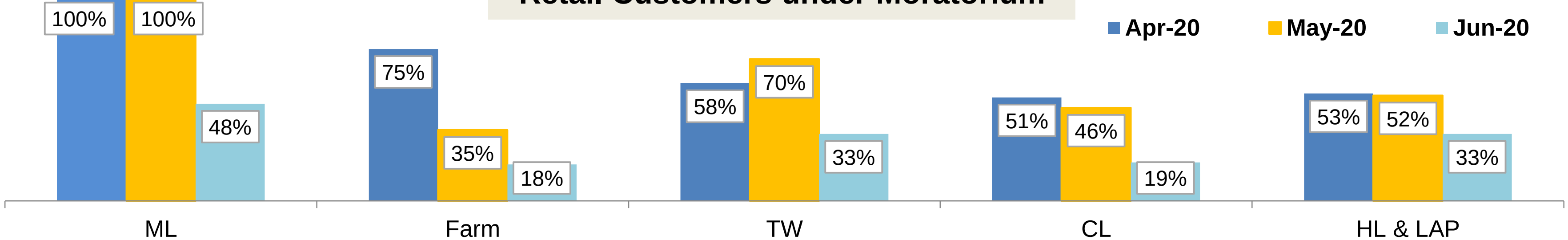
Gradual unlocking in May / June and extension of RBI moratorium till Aug-20 — **Unlocking**

Moratorium – Considerable improvement post opening up

Lockdown

Product	LTFS' Moratorium Policy 1.0	LTFS' Moratorium Policy 2.0
Micro Loans	• All customers granted moratorium for 3 installments by default as per MFIN framework	• Moratorium grant only upon receiving specific request (Opt-in) • A month at a time decision on moratorium for retail customers
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	• Case by case decision upon receiving specific customer request	
Infrastructure	• In line with Real Estate; additionally, subject to consensus among co-lenders	

Retail Customers under Moratorium



- **For retail customers who have taken moratorium in June, around 4% have made part payments**
- **Around 30% of retail customers who were under moratorium in June, have paid July month installment**

Considerable reduction in retail moratorium book with resumption of on-field collections
40% of Project finance accounts under moratorium, largely protected by DSRA / TRA till end of FY21

Enhanced Portfolio Actions

Lockdown

Work Allocation

Sales and credit teams augmented collection teams to increase focus on collections

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 business volumes

Focus on further conversion of customer through digital modes enabled

Roll-out of customer cashback schemes to drive digital payments

Customer Engagement

Educating customers on financial impact of moratorium

Continuous engagement with developers to monitor project progress

Leveraging developer relationships for Home Loan accounts in Construction Finance/Approved Project Finance cases

Monitoring

Project Finance: Focus on project progress by monitoring labour and material availability

Retail Finance: Collection trend and pick-up on economic activity for new business ramp-up

Unlock - Strategy

Resumption of on-ground operations	***Collections***	***Further tightened credit measures***	***Sourcing***	***Liquidity***

Measured business re-start using data analytics based approach on collections and tightening of credit norms while maintaining competitive strength

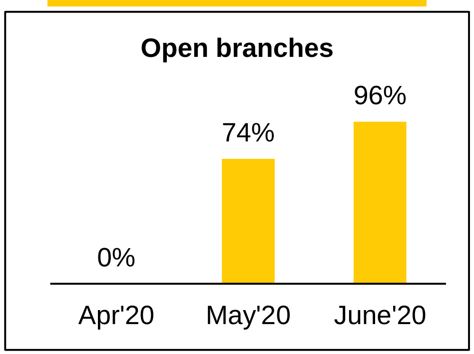
1. Resumption of on-ground operations

Opening of branches

- Gradually opening from May. In June, all the branches except those in the containment zone were opened up
- In Farm and Micro Loans, >95% of the branches have opened up as majority of the rural areas fall under the green and orange zones
- In Two Wheeler, many urban and semi-urban locations are in the red zone, resulting in a relatively lower opening up. Operating dealership number increased by >100% in June’20 vs May’20, however major markets like Mumbai and Pune remain largely closed
- In HL/LAP, operations resumed on limited scale basis gradual lifting of lockdown towards end of May

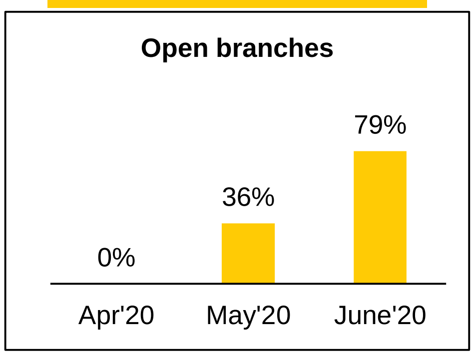
Farm

Total branches : 179



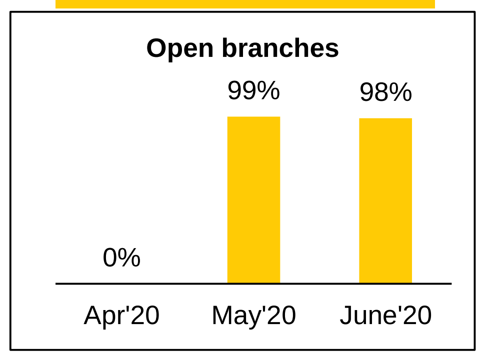
Two Wheeler

Total branches : 71



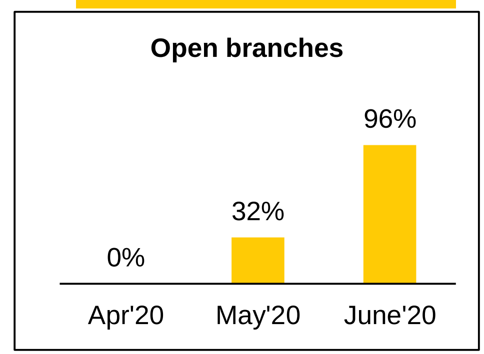
Micro Loans

Total MCs: 1422



Housing

Total branches: 25



Focused on employee safety and local administration rules while opening up; 99% of on-field workforce started operating in June

2.1.1 Collections Strategy

Apr

Digital repayment push

- Increase in bounce rates for retail customers due to lockdown
- Prioritized collections by digital modes owing to physical inability to undertake field collections
- Digital collections initiated for ML customers, accounting for 25% of total collections
- Shutdown of construction at almost all Real Estate projects
- Toll collections impacted due to lockdown. Post resumption (22nd Apr), collections reached to ~30% levels YoY
- No material adverse impact on renewable and transmission projects
- Implemented action plans for Project finance portfolio to replenish and maintain tighter grip on TRA / DSRA

May

Restoring collection rhythm

- Usage of analytics for propensity modeling and collection prioritization
- Targeted on-ground collections in non containment zones
- Enhanced call center capacity and empaneled new vendors to handle surge in bounces
- Re-evaluated collection agencies to access ability to collect (owing to reverse-migration)
- Resumption of construction activity in Real Estate projects, collections still materially lower
- Improvement of toll-road collections to ~60% levels YoY
- No material adverse impact on renewable, annuity road and transmission projects

Jun

Re-establishing repayment culture

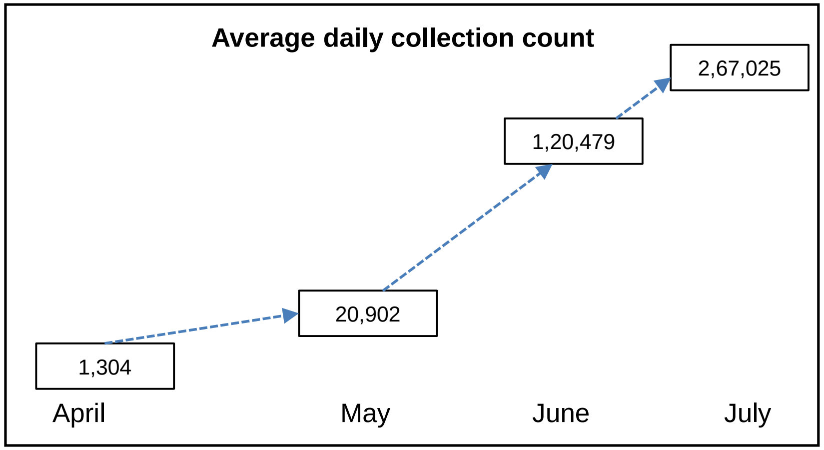
- Focused on regular collections and communicating the impact of moratorium to customers
- Enhanced field efforts in non-containment zones led to increase collection efficiencies
- Farm collection efficiency reached pre-Covid levels
- Sustained efforts led to reduction of Rural GS3 by Rs. 100 Cr on QoQ basis, primarily in Farm Equipment
- Doubling of escrow collections in Real Estate compared to Apr & May-20, at ~35% of pre-Covid levels
- Improvement in Toll road collections to around 80% levels YoY

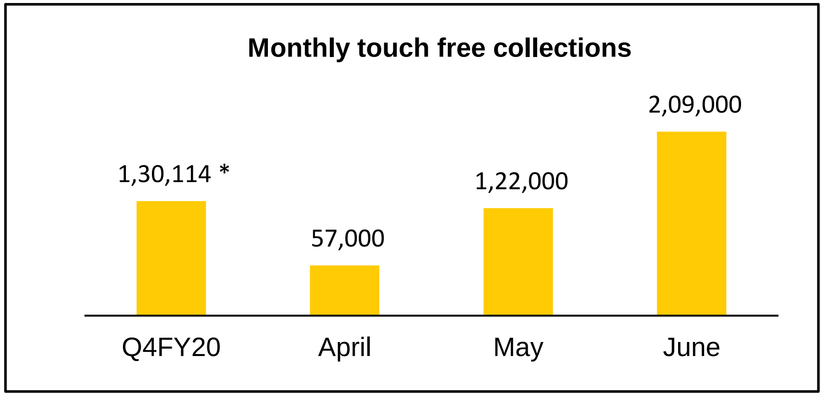
Significant uptick in Jun'20 collection volumes owing to re-establishment of collection rhythm

Collection momentum has further improved in Jul'20 especially in Rural

2.1.2 Rampant improvement in collections m-o-m

Rural





Farm

- Analytics based prioritization and on-ground collection efforts, helped achieve CE of pre-covid levels
- Cash flow availability with farmers due to bumper rabi crop

Two Wheeler

- Ramp up of call center (~500 new seats) to handle increased bounces
- Realignment of sales and collection teams
- Evaluation of multiple agency partners to ensure availability of manpower

Micro Loans

- Higher focus towards on-ground collection
- Strengthened digital payment framework like UPI, Wallet, NEFT, Direct Website, Payment Gateways

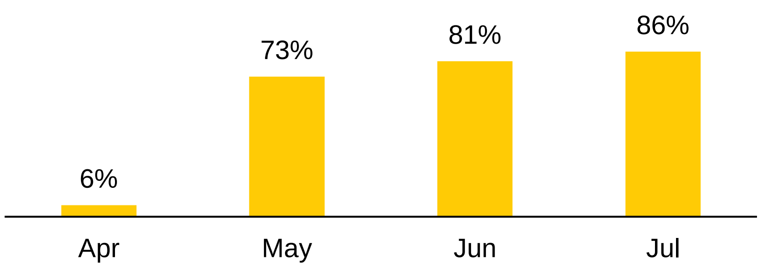
Rural recovery coupled with usage of analytics for collection prioritization leading to much faster recovery

*Monthly average in Q4

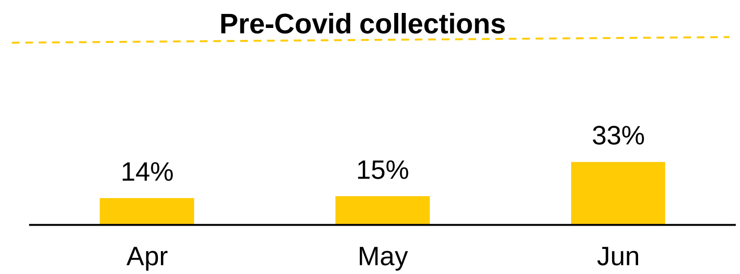
2.1.3 Resumed construction activity leading to collection pickup

Housing

Construction resumed for under construction projects



Escrow Collections (as % of pre-Covid levels)



- Strong focus on resuming construction by accessing availability of labour and materials on weekly basis
- In 86% of our under construction funded projects, construction has resumed post lock down

- Collections saw significant dip post lockdown
- With opening up of economy and focused effort to restart projects, collections has reached 33% of pre-Covid levels

❖ In the Home Loans segment, cross functional teams undertook customer interaction to augment collection teams

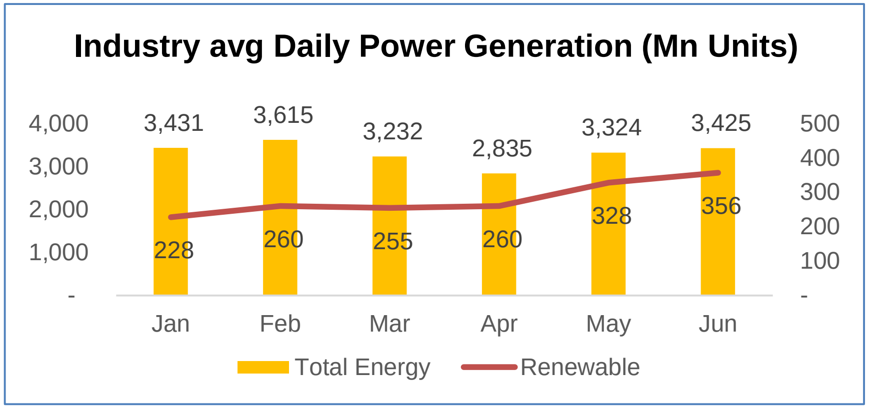
❖ Use of propensity model & centralized calling; on field collection resumed since end of May. Collections made from ~67% of customers as of June end

Focus on construction progress which will lead to higher collections and sales as economy opens up

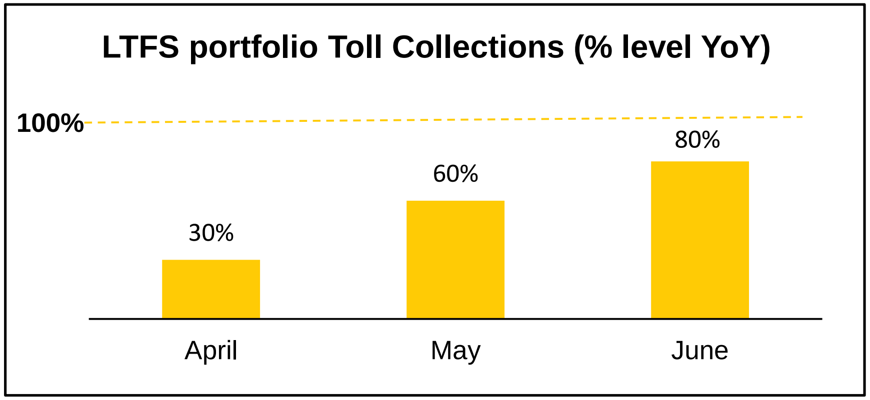
L&T Financial Services

2.1.4 Steady performance owing to economic pickup

Infrastructure Finance



Source: POSOCO



Renewables

- Operational projects have been conferred "Must Run" status
- No material adverse impact in solar and wind generation
- Most Discoms have remitted payments including Andhra Pradesh, which paid its dues till Mar'20
- Central projects are being paid on time

Road

- Annuity projects are receiving timely payments from NHAI
- Toll road has seen improving level of traffic month-on-month post resumption of economic activity

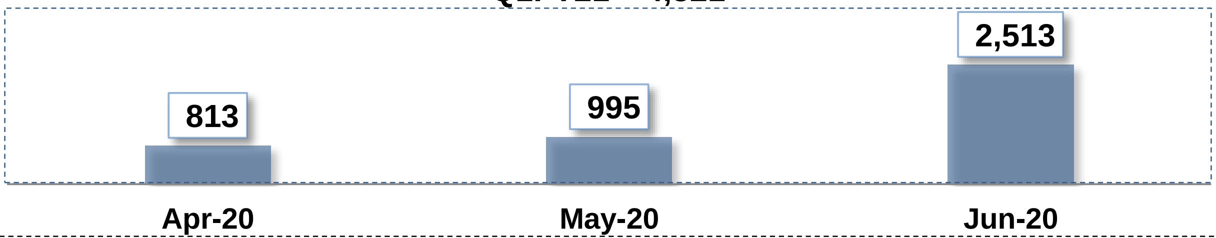
Transmission: Operational projects are operating at optimum capacity and there is no impact on revenue generation and collection

Collections were not impacted much as majority of portfolio is operational having a "Must Run" status

2.2 Collections – Strong pickup through concerted collection efforts

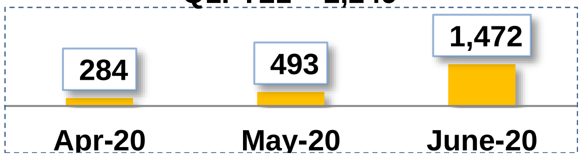
Focused Business

Q1FY21 – 4,321



Rural Finance

Q1FY21 – 2,249

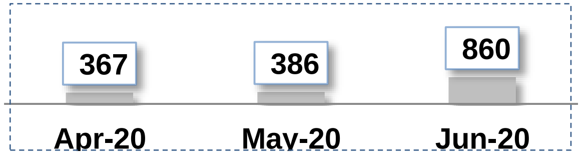


Housing Finance

Q1FY21 – 459

Infrastructure Finance

Q1FY21 – 1,613



- Marked improvement in Rural & Infra collections owing to concerted field efforts and gradual unlocking of economy
  - Consistent increase in collection volumes, currently at 40%-45% of Q1FY20 levels with Jun'20 collections at ~65-70% of Jun'19, owing to mobilization of field collection efforts
  - Substantial uptick in July in Rural with daily collection rate of ~2,67,000 accounts and collection of ~ Rs 1,100 Cr till 15th July

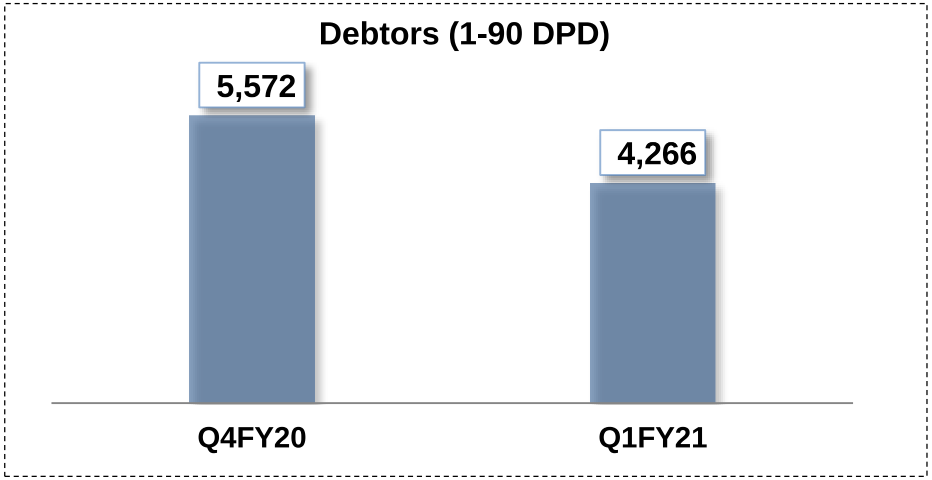
Analytics led collection prioritization and resource allocation

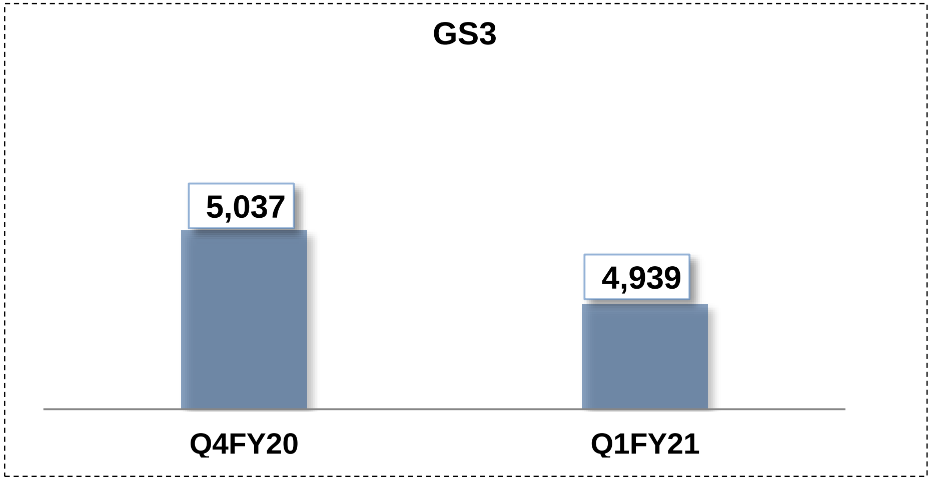
Visible green shoots in Rural with considerable improvement in June collections

July showing even better trend with collection volumes in Micro Loans till 10th July surpassing June collections

 All figures are in Rs. cr

2.3 Substantial reduction in 1+DPD bucket





- Substantial reduction in debtors by Rs. 1,306 Cr (1-90 DPD) on the back of improved collections across businesses
- Reduction in GS3 by Rs. 98 Cr led by Rural portfolio through on-ground collection efforts, push on digital collections and propensity based modeling
- Farm business saw substantial improvement in debtors as well as GS3 aided by good monsoon, bumper rabi crop
- Significant reduction in debtors pool in retail housing segment with the help of tele-calling and using analytics for customer prioritization

Continued focus on 'on-due-date' collections and emphasis on collections from debtors and GS3 during lockdown has resulted in reduction in debtors and GS3

 All figures are in Rs. cr

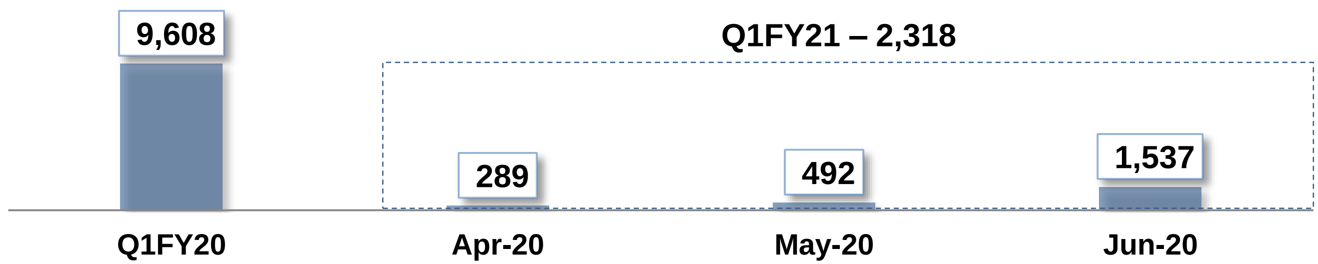
3. Further tightened credit measures

Retail Finance	• Reduction of max LTV across products. LTV maintained under 70% for Farm; reduced from 74% to 68% for TW, maintained under 70% for HL and 55% for LAP • Measured business re-start based on weekly evaluation of on the on-ground collections results • Reassessed collateral valuation of all existing loans as well as sanctioned but undisbursed cases • **Farm:** Focus on geographies which have transitioned to mechanized mode of working to mitigate labour shortage • **TW:** Launch of income proof proposition – further enhancing proportion of better credit income proof borrowers • **ML:** Reduction of association norms to 2 for new customer and 3 for repeat customer in Micro Loans. Exposure norms are revised state wise based on their average outstanding from earlier Rs ~80,000 to Rs ~70,000 of overall indebtness • **CL:** Re-initiation of business with tightened credit guardrails • **Retail Housing:** Credit policy suitably modified with increased focus on sourcing of low risk profiles / channels ○ **HL:** Primary focus on low risk salaried customers through direct sourcing and stringent assessment of SENP customers ○ **LAP:** Sourcing temporarily kept on hold due to uncertainty prevailing around MSME segment
Project Finance	• **Real Estate:** Recalibration of guardrails under new market conditions for under construction projects ○ Enhanced Risk Guardrails – to limit funding to specific products and select developers ○ Reassessment of real estate developers categorization basis revised Group cash flows • **Infrastructure:** ○ Construction feasibility assessment from supply chain and labour availability perspective ○ Zero inflation assumption for HAM projects to mitigate the gap between the Bank rate & the lending rates ○ Re-assessment of traffic for sanctioned undisbursed cases afresh for impact on the underlying traffic drivers

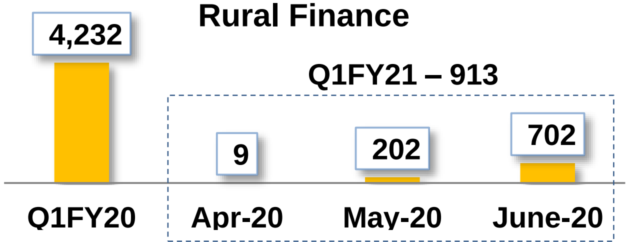
4. Sourcing – Targeted growth

All figures are in Rs. cr

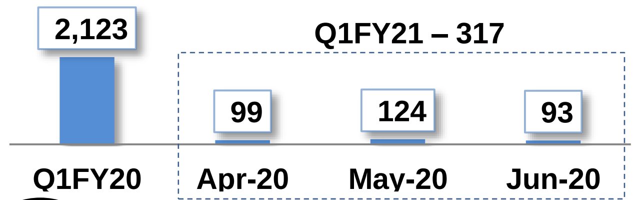
Focused Business



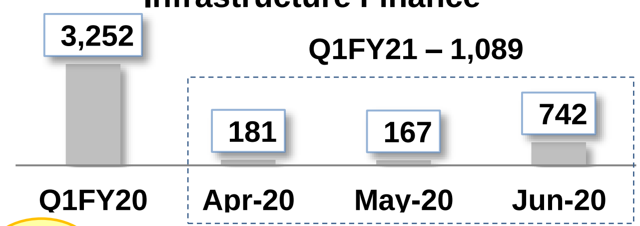
Rural Finance



Housing Finance



Infrastructure Finance



Apr

Complete Lockdown

- **Retail Finance:** Near to NIL disbursements owing to closure of point of sales
- **Project Finance:** Continued tranche disbursements to focus on project completion

May

Resuming Operations

- Re-initiated Farm and TW business with tightened credit norms based on weekly monitoring of repayment behavior analysis
- Resumed HL disbursements for Salaried profiles with stronger credit filters

Jun

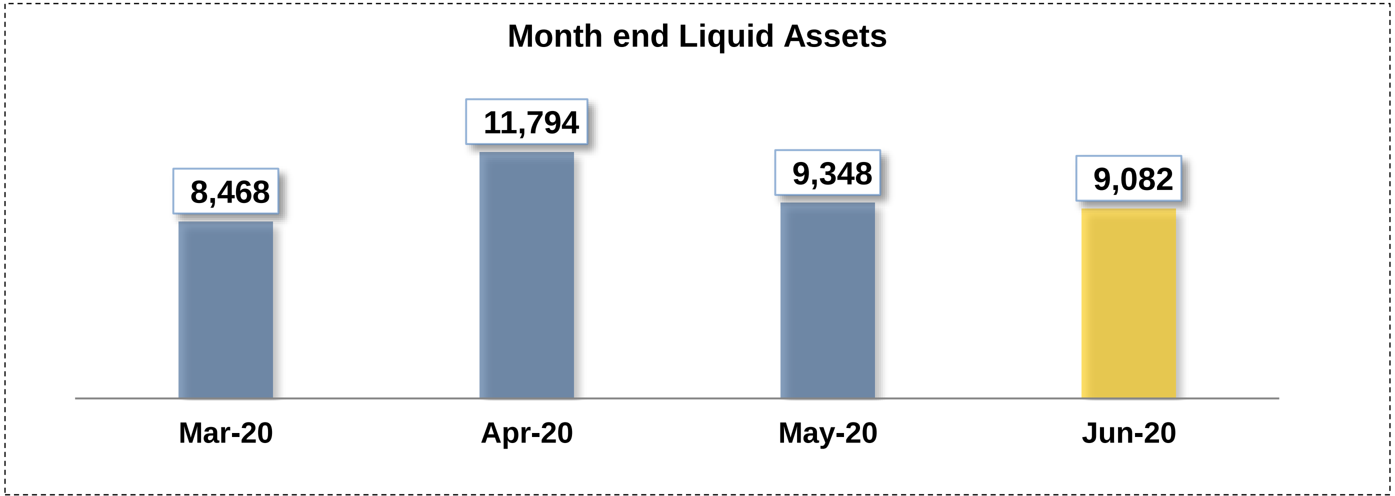
Guarded Market Approach

- Ensure presence across all top dealer/OEM's. Increased share of Preferred OEM's and Dealers in Farm and TW
- ML and CL business expected to pickup in Q2 FY21 in select areas driven by strong collections performance

Maintained market leadership in Farm with strong traction in tractor sales for Jun-20

Disbursements coming to normalcy in June and we are well placed to gain market share as economy (especially Rural) picks up

5. Comfortably placed with adequate liquidity



- As of June'20, Rs.16,669 Cr of liquidity is maintained through the following:
  - Liquid Assets in form of cash, FDs and other liquid investments of Rs. 9,082 Cr; comfortably placed till Sept-20
  - Undrawn bank lines of Rs. 5,587 Cr and back up line from L&T of Rs. 2,000 Cr
- With moratorium announcement, increased liquid assets substantially in April factoring in scenario of Nil collections. With the pickup in collections from May, quantum of liquid assets has been reduced, yet it continues to remain at elevated levels
- Rating Agencies are assessing adequacy of our liquidity every month-end with a 3-month horizon & are comfortable with the same
- Maintained additional average quarterly liquid assets of ~Rs 6,600 Cr in Q1FY21 which had a negative carry (~Rs. 84 Cr). This impact of negative carry will reduce as we get surety on the pickup in economic activity and collections

Comfortably placed with adequate liquidity even after factoring the effect of moratorium and difficult conditions in the debt market
Maintained higher liquidity levels in Q1FY21, negative carry will progressively reduce as we get surety

 All figures are in Rs. cr

L&T Financial Services

Agenda

A Q1 in perspective

B What worked for LTFH

C Q1 P&L explained

L&T Financial Services

What worked for LTFH

ASSURANCE

Prudent ALM and well established liability franchise

Highest Credit Rating

Strong Balance Sheet

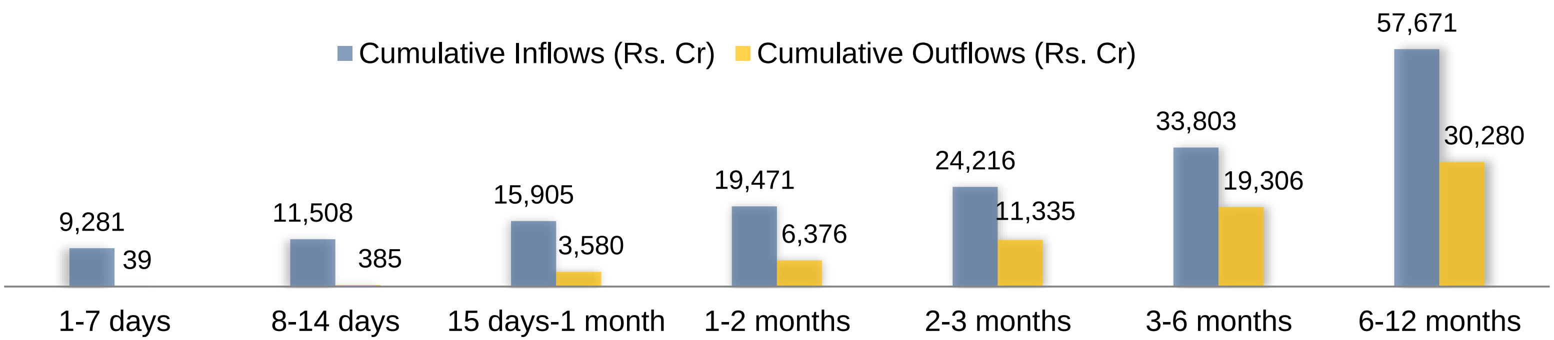
Strengthened risk profile

Building Business Strength

1.1 Prudent ALM

As on 30th June, 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	**9,242**	**11,124**	**12,325**	**13,095**	**12,882**	**14,497**	**27,391**
Cumulative (%)	**23609%**	**2892%**	**344%**	**205%**	**114%**	**75%**	**90%**

Interest Rate sensitivity statement

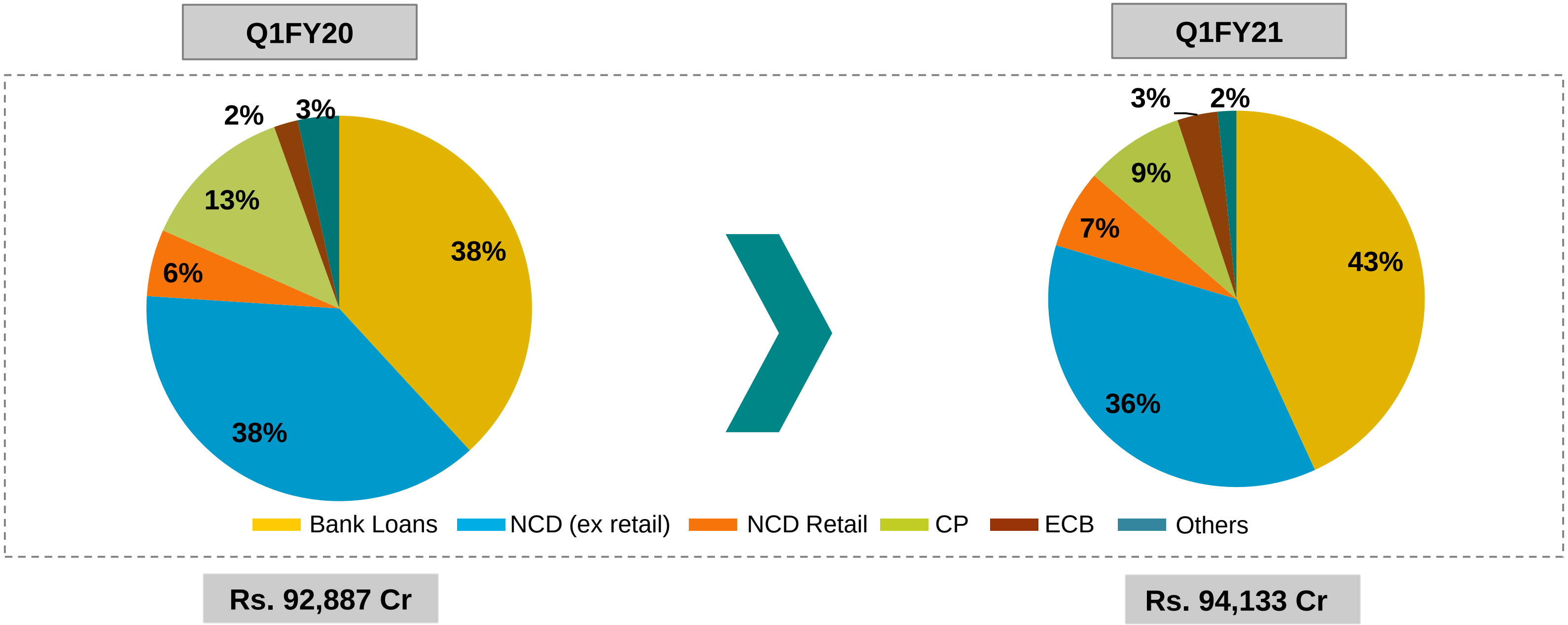
1 year Gap	Rs. Cr
Re-priceable assets	67,814
Re-priceable liabilities	53,820
Positive	**13,994**

Maintained positive liquidity gaps for past 3 years, enabling us to tide over recent liquidity crisis

 All figures are in Rs. Cr

L&T Financial Services

1.2 Well established liability franchise (1/2)



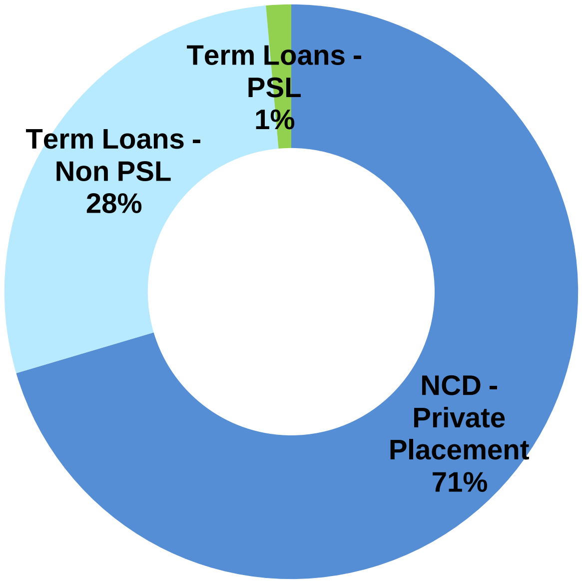
- Focus on diversification over the years enabled stable mix of funding sources
- Focus on long term borrowings has led to increase in share of Bank Loans from 38% to 43%; while reducing CP from 13% to 9% in the past year

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

*Others include Preference shares, ICDs etc.

L&T Financial Services

1.2 Well established liability franchise (2/2)



Rs. 3,550 Cr

Incremental Long Term Borrowing (Rs Cr)

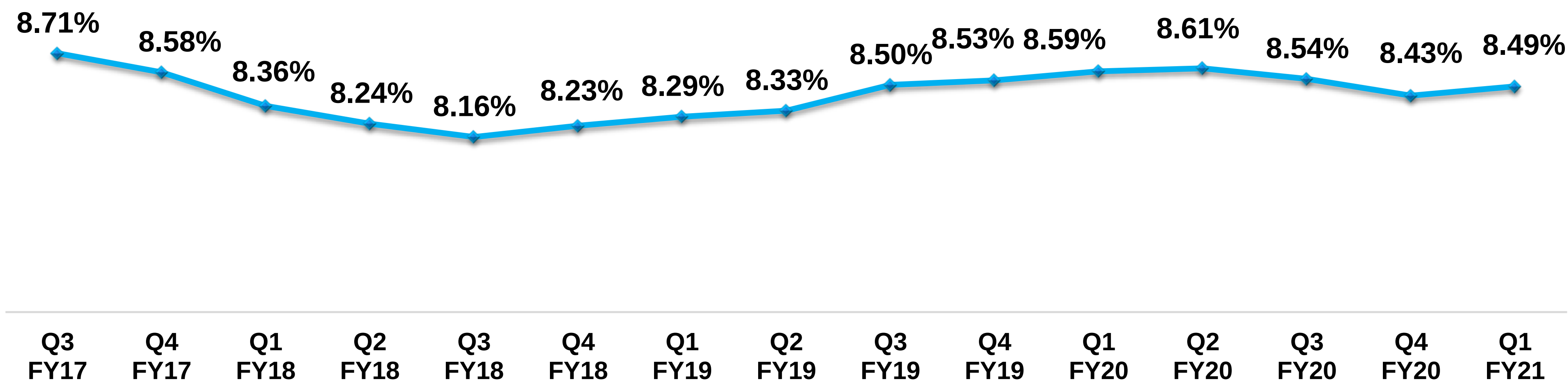
Products	Q1FY21
NCD – Private Placement*	2,500
Term Loans – Non PSL	1,000
Term Loans – PSL	50
Total	**3,550**

- Already raised ~Rs 3,200 Cr of long-term borrowing till 15th July'20
- Drawn down 1st tranche of USD 50 million of the total USD 100 million ECB from AIIB; which is AIIB's first loan to a NBFC in India

Demonstrated ability to raise long-term funding even in the challenging environment

PSL- Priority sector on-lending by banks to NBFCs

1.3 Weighted average cost on borrowings



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

2. AAA Credit Rating for LTFH and all its subsidiaries

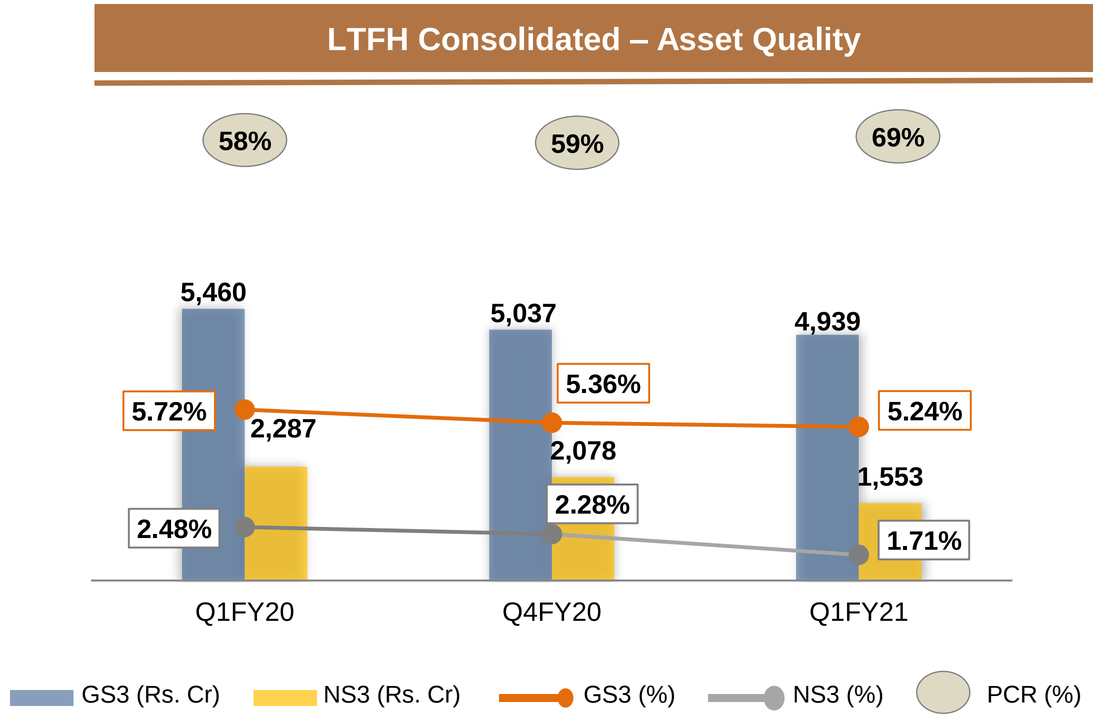
Credit Ratings – LTFH and its subsidiaries	
Ratings Update	• LTFH and all its lending subsidiaries have been assigned / reaffirmed AAA rating from CRISIL, ICRA, CARE and India Ratings: ➢ CRISIL assigned in October 2019 and reaffirmed in May 2020 ➢ India Ratings reaffirmed in September 2019 and April 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 in the light of Covid19, and they have considered the liquidity position of LTFS as adequate to meet all debt 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

Diversified business presence, improving asset quality, prudent ALM and strategic importance to L&T has led AAA rating being reaffirmed even in current environment, when the sector has seen multiple downgrades

3.1 Strong Balance sheet



In addition to above; Macro Prudential provisions, Covid-19 and enhanced provision for stage 1&2 assets at Rs. 1,244 Cr (1.39%)
Focus on strengthening balance sheet by creating additional provisions of 1.39% on standard book, to prepare for any uncertainty

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

3.2 Strong Balance sheet – Additional provisions on Non GS3 book

Particulars (Rs. Cr)	Total Lending Business
Loan book size (excluding GS3 book) - (1)	89,363
Provision on stage 1 and Stage 2 assets as per ECL model - (2)	**399**
Additional provisions - (3+4+5=6)	**1,244**
Macro Prudential provisions - (3)	650
Covid-19 Provisions @10% on 1-90 DPD book with moratorium - (4)	486
Enhanced ECL provisions on stage 2 assets basis higher LGD assumptions – (5)	108
Additional provisions as % of book – (6/1)	**1.39%**
Total provisions on book (excluding GS3 provisions) – (2+6=7)	**1,644**
Total provisions as % of book (excluding GS3) - (7/1)	**1.84%**

As a prudent measure, created Macro-prudential provisions of Rs 300 Cr in Rural portfolio in Q1FY21; over and above 10% of Covid provisions to strengthen balance sheet, even though there is strong on-ground recovery in Rural

4.1 Strengthened risk profile: 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
TW	• 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 low risk salaried segment; extensive use of analytics in identification and targeting of desired customer profiles • Emphasis on direct sourcing through select and reputed developer relationships (CF/APF) • 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

4.2 Strengthened risk profile: 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 99% 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
- Focus on projects with strong off-takers / counter-parties
- External risks like PPA, land acquisition, evacuation risk, promoter equity infusion and forex are appropriately mitigated
- Early warning signal (EWS) to identify risks well before cash flow stress; leverage on group strengths to identify and execute corrective actions plans
- 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

5.1 Building and protecting strength

Rural Finance

	Industry	LTFH
Farm	• Positive sentiment due to robust Rabi crop, good progress in kharif sowing so far • Timely onset of monsoon and well distributed rainfall has resulted into above normal water reservoir level • OEMs are operating at 70-80% capacity	• Disbursements in Jun'20 were higher than previous year owing to strong rural cash • Increase in preferred OEM mix which contributed to 73% of the total disbursement in Q1FY21 • Continue to build refinance contribution
TW	• Recovery in TW industry expected from positive rural sentiment and preference for personal mobility over shared • Higher price points of TWs and lower disposable income will augment TW financing penetration	• Measured re-opening of business based on strategic input from Collection, Sales and Marketing teams • Selective sourcing through strict credit policies (LTV reduced to 68%) while maintaining superior service and TAT proposition • Given that we are the preferred financiers with most of the OEMs, as the demand increases we will get more traction
Micro Loans	• Increased demand for working capital requirements by micro enterprises and Kirana shop owners post return to normalcy • Reverse migration of workers could provide fresh business opportunities for MFIs • Consolidation expected in MFI sector; as smaller players are facing serious liquidity challenges	• Prioritized collections in Q1FY21; new business opportunities basis collection trend and repayment behavior • Launch of top up loan for the existing good customers • Focus on increasing share of existing good customers • Restarted operations in almost all MCs across India by Jun'20

With leadership position across products and superior service proposition through TAT, we have been able to restart business with chosen dealers and OEMs wherever we see good opportunity

5.2 Building and protecting strength

Housing Finance

	Industry	LTFH
Home Loan	• NBFCs/HFCs loan portfolio reduced significantly due to funding constraints, slowdown post Covid and portfolio sales by HFCs • Deferment of buying decision by home buyers on account of prevailing uncertainty owing to COVID-19 pandemic • Demand expected to resume in phased manner and will be concentrated towards top developers and projects with visible construction progress	• Home Loan disbursements during the quarter slowed down significantly on account of lockdown of locations and no walk-ins at developer sites • Committed disbursements resumed towards end of May on account of partial opening of lockdown • Sourcing of fresh proposals for the salaried segment resumed towards end of the quarter
LAP	• Liquidity position and business activity levels remain adverse for the SME sector due to lockdown • Given the increasing risk perception, industry is expected to be conservative while lending in this segment	• Sourcing of SENP profiles restricted; no LAP disbursements done during this period • Average LTV of portfolio is 53% in Q1FY21
Real Estate	• Sales and launches were negligible and mostly restricted to Cat A builders. Consequently inventory levels remained stable • Developers using innovative digital marketing tools to increase sales in the current environment • Short term focus would be on offloading existing inventory	• 100% of disbursements were towards existing projects • No new sanctions made during the quarter • Continue to focus on marquee developers with stringent guardrails • In 86% of the under construction projects, construction has resumed post lock down

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

5.3 Building and protecting strength

Infrastructure Finance

Infrastructure Finance

Industry	LTFH
• Liquidity injection of Rs. 90,000 Cr by GoI to Discoms through PFC and REC. Expected to positively impact the liquidity of IPP players • 4.5 GW Solar capacities allotted during Q1FY21, through e-reverse auction by SECI/ States • 400 MW Bid by SECI (Hybrid) in Q1FY21 pertaining to Solar, Wind Auction with Storage with lowest tariff of Rs. 2.9/kwh • Pace of HAM awarding has increased in Q4FY20 with ~ 582 kms of project award in one quarter alone as compared to muted awards in 9MFY20. However, no new bidding was observed in Q1FY21 in HAM segment • NHAI planning to raise Rs. ~85,000 Cr by FY25 through TOT awards and InVITs	• Continue to focus on our core sectors – roads, renewable and transmission • Focus on central offtakers like SECI and selective state bids, which are better structured in terms of payment cycle and grid availability • Lending opportunities in TOT bundles in FY21; Internal framework in place for evaluation of opportunities in TOT. Process for Govt. approvals for IDF financing of TOT projects is at an advanced stage • LTFS to adopt selective approach with respect to HAM projects • One HAM project achieved PCOD in May before schedule

Market leadership position maintained in identified sectors

5.4 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, 6 out of 10 Equity schemes (83% of equity AUM) are in top 1 & 2 quartile
  - ➢ Fixed Income portfolio reasonably insulated in the current market as 97% of the fixed Income AUM is in high quality funds (non credit risk fund) with investments in highest rated securities of GOI / A1+ / AAA/ Cash and cash equivalents
  - ➢ 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 – 64% (industry average - 52%)
  - ➢ Increase in investor base from 9.1 lakh to 29 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 2.4%
  - ➢ Equity AUM mix rising from 44% to 55% 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
- Equity AUM increased by 19% q-o-q (Rs 28,010 in Q4FY20 vs. Rs. 33,295 in Q1FY21)

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

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B What worked for LTFH

C Q1 P&L explained

L&T Financial Services

Summary of impact on results

Disbursements

- Lower disbursements in Retail segments due to lockdown even though there is strong pick-up seen in June
- Project Finance – Focused on tranche disbursements

Book

- Book remained flat due to lower disbursements and moratorium impact on collections

NIMs

- NIMS impacted because of higher interest cost on account of higher liquidity maintained throughout the quarter

Fees

- Fees for the quarter is substantially lower due to relatively lower disbursements

Opex

- Measures taken to reduce Opex have yielded results

Credit Cost

- GS3 & standard assets – Rs 318 Cr
- Macro prudential provisions – Rs 300 Cr
- Covid-19 provisions – Rs 277 Cr
- Additionally, utilized capital gain of Rs 225 Cr from sale of Wealth business to provide fully for 1 large account in Defocused book

Profitability for the quarter was impacted largely due to negative carry on enhanced liquidity, lower fees and enhanced provision taken to strengthen the balance sheet against the after effect of the pandemic

Focused book growth

Lending Businesses

Rural Finance | **Housing Finance** | **Infrastructure Finance**

Non Lending Businesses

Investment Management

Q1FY20 → Q1FY21

	Rural Finance	Housing Finance	Infrastructure Finance	Investment Management
	Book	Book	Book	AAuM[1]
Change	↑ 6%	↑ 4%	↑ 2%	↓ 21%

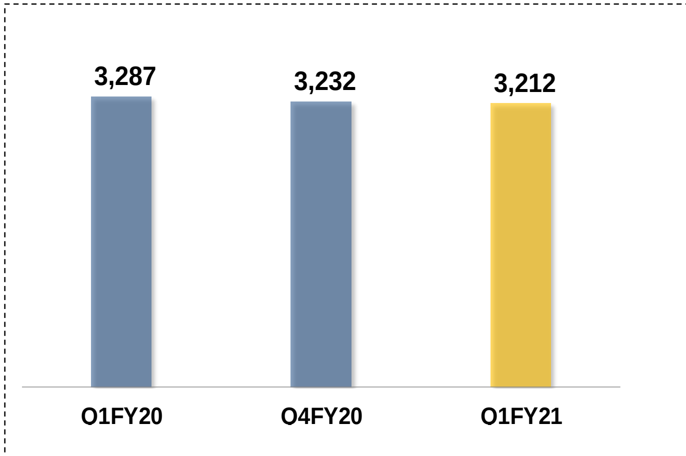
Book remained flat due to lower disbursements and moratorium impact on collections

[1] Investment Management – AAuM (quarterly average)

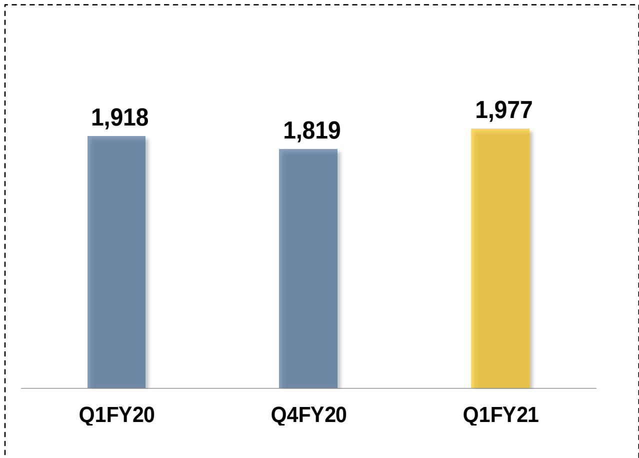
L&T Financial Services

NIMs

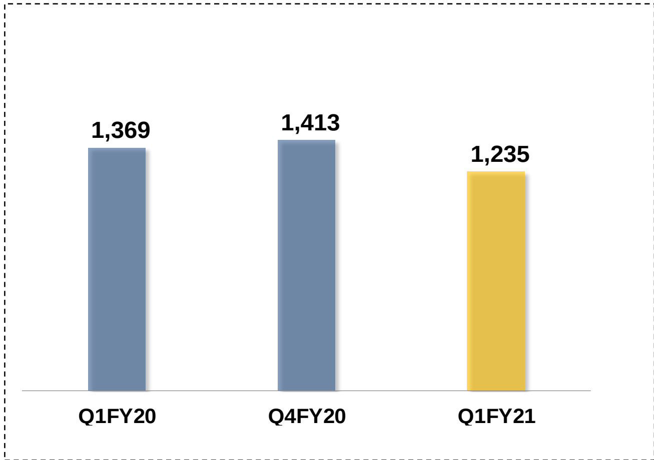
Interest Income



Interest Cost



NIMs

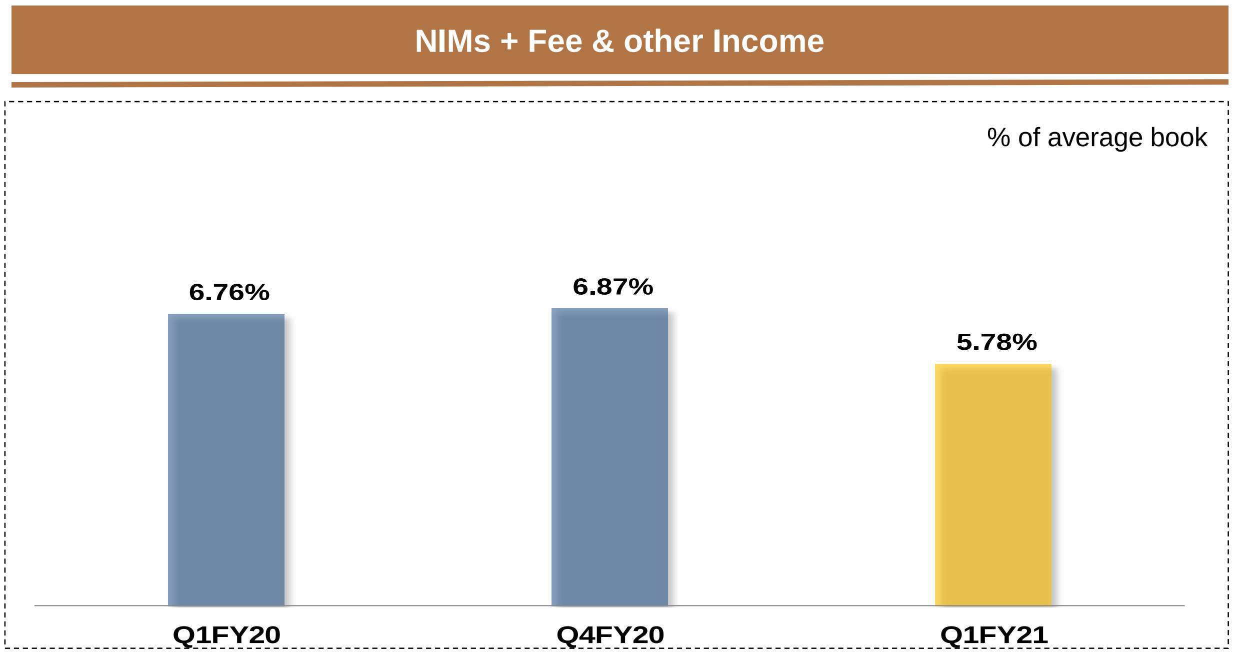


- ❖ Interest income remained stable across the quarters
- ❖ Maintained additional liquid assets worth ~Rs. 6,600 Cr throughout the quarter as a prudent measure, leading to an increase in interest cost of ~Rs.140 Cr

NIMs impacted due to increase in interest cost on account of maintaining additional liquidity for full quarter

 All figures are in Rs. Cr

NIMs + Fee & other income



- NIMs+Fees impacted due to lower fee income and negative carry (~Rs. 84 Cr) on account of maintaining additional liquid assets of ~Rs 6,600 Cr in Q1FY21
- Impact of negative carry will reduce as we get surety on the pickup in economic activity and collections

* Normalising for one-time impact
Actuals without normalization: Q1FY20 – 7.10%

L&T Financial Services

Credit cost

Credit Cost	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21
Credit Cost on focused business	260	414	445	349	231
Credit Cost on defocused business	310	210	160	89	88*
Additional Provisions – Covid-19	-	-	-	209	277
Additional Provisions - Macro prudential / Enhanced ECL on stage 2 assets	25	-	-	105	300
Total Credit Cost	**595**	**624**	**605**	**752**	**896**
Credit Cost on focused business (%)	1.16%	1.81%	1.88%	1.48%	0.99%
Provision Coverage Ratio (PCR %)	58%	54%	57%	59%	69%

* Additionally, utilized capital gain of Rs. 225 Cr from sale of Wealth business to provide fully for 1 large account

- Increase in PCR from 59% to 69% QoQ on account of the following:
  - **Focused book:** ECL based increase in PCR on account of 1) reduction in GS3 from early buckets (which contains lower PCR) and 2) further increase in PCR of remaining GS3 book as ageing increases
  - **Defocused book:** Increase in PCR to 70%; 1 large account fully provided by using gain from sale of wealth business (Rs. 225 Cr)
- Created additional provisions of Rs. 577 Cr. on account of:
  - Covid-19 provision of Rs. 277 Cr. in Q1FY21 (5% of 1-90 DPD book with moratorium)
  - Macro prudential provisions of Rs. 300 Cr. in Rural portfolio

Further strengthened balance sheet by creating adequate PCR on GS3 book and additional provision on non-GS3 book, despite seeing good collection traction, to reduce the effect of uncertain economic environment post moratorium

 All figures are in Rs. Cr

LTFH Consolidated – Summary financial performance

Performance Summary

Q1FY20	Summary P&L (Rs. Cr)	Q4FY20	Q1FY21	Y-o-Y (%)
3,287	Interest Income	3,232	3,212	(2%)
1,918	Interest Expense	1,819	1,977	3%
1,369	NIM	1,413	1,235	(10%)
396	Fee & Other Income	291	190	(52%)
1,765	NIM + Fee & other income	1,705	1,426	(19%)
422	Operating Expense	513	418	(1%)
1,342	Earnings before credit cost	1,192	1,007	(25%)
570	Credit Cost (excl. Covid-19 & Macro Prudential)	543	318	(44%)
25	Credit Cost (for Covid-19 & Macro Prudential)	209	577	-
549	**PAT**	**386**	**148**	**(73%)**

Addl. P&L charge in Q1FY21

Created additional provision of Rs 577 Cr

Impact of Rs. 432 Cr on PAT

Q1FY20	Particulars (Rs. Cr)	Q4FY20	Q1FY21	Y-o-Y(%)
99,904	Book	98,384	98,879	(1%)
13,988	Networth	14,692	14,881	6%
70	Book Value per share (Rs.)	73	74	6%

LTFH Consolidated – Key ratios

Key Ratios

Q1FY20	Key Ratios	Q4FY20	Q1FY21
13.22%	Yield	13.02%	13.03%
5.51%	Net Interest Margin	5.69%	5.01%
1.59%	Fee & Other Income	1.17%	0.77%
7.10%	NIM + Fee & other income	6.87%	5.78%
1.70%	Operating Expenses	2.07%	1.70%
5.40%	Earnings before credit cost	4.80%	4.09%
2.29%	Credit Cost (excl. Covid-19 & Macro Prudential)	2.19%	1.29%
0.10%	Credit Cost (for Covid-19 & Macro Prudential)	0.84%	2.34%
2.07%	Return on Assets	1.46%	0.53%
6.16	Debt / Equity	5.81	5.70
15.99%	**Return on Equity**	**10.41%**	**3.94%**

Particulars	Tier I	Tier II	CRAR
Consolidated CRAR ratio	17.23%	3.95%	21.18%

Addl. P&L charge in Q1FY21

Additional provision created Rs 577 Cr

Impact of 432 Cr on PAT, excluding this RoE would be 15.25%

L&T Financial Services

LTFH Consolidated – Capital allocation and RoE bridge: Q1FY21

Q1 FY20			Business Segments (₹ Cr)	Q1 FY21			PAT Y-o-Y (%)
PAT	Net worth	RoE		PAT	Net Worth	RoE	
252	3,962	26.20%	Rural Finance	114	4,516	9.91%	(55%)
208	3,874	22.07%	Housing Finance	23	4,301	2.12%	(89%)
156	3,810	16.94%	Infrastructure Finance (ex IDF)	18	5,087	1.39%	(89%)
74	1,135	27.34%	IDF	40	1,307	12.46%	(46%)
690	**12,781**	**22.29%**	**Lending Business**	**195**	**15,211**	**5.06%**	**(72%)**
66	1,020	-	Investment Management	50	1,103	-	-
756	**13,801**	**22.63%**	**Focused Business Total**	**245**	**16,314**	**5.95%**	**(68%)**
(174)	1,344	-	De-focused	(56)	794	-	-
(33)	(1,157)	-	Others	(41)	(2,227)	-	-
549	**13,988**	**15.99%**	**LTFH Consol before exceptional items**	**148**	**14,881**	**3.94%**	**(73%)**
-	-	-	Less : Exceptional items *	-	-	-	-
549	**13,988**	**15.99%**	**LTFH Consol**	**148**	**14,881**	**3.94%**	**(73%)**

Excluding impact of additional provision created on account of Covid19 and Macro Prudential provisions
Q1 FY21 PAT: Rs. 580 Cr I ROE: 15.25%

* Benefit from exceptional capital gains of Rs. 225 Cr entirely used to create additional provisions in defocused book

Conclusion

Progressive business pickup

Faster than expected recovery in Rural, well poised to gain from the same

- Significant pickup in collection volumes owing to on-field efforts, collection momentum continues in July especially in Rural; ML collections till 15th July'20 have already surpassed June
- Maintained leadership in Farm in Jun'20, financed over 10,000 tractors (19% YoY increase)
- Focus on tranche disbursements in Project Finance and pickup in traction for IDF disbursements
- Disbursement momentum expected to increase from Q2FY21 especially in Rural business

Improved Asset Quality

Improvement in asset quality

- Reduction in GS3 and NS3 from 5.72% and 2.48% in Q1FY20 to 5.24% and 1.71% in Q1FY21
- Increase in PCR from 58% to 69% YoY
- Reduction in debtors and GS3 by ~Rs 1,300 Cr and ~Rs 100 Cr QoQ

Strong Balance Sheet

Strong Balance Sheet

- Strengthened balance sheet by creating provisions of Rs. 577 Cr in Q1FY21 (Macro prudential – Rs. 300 Cr, Covid-19 – Rs. 277 Cr)
- With this, carrying additional provisions of Rs 1,244 Cr (1.39%) on standard book even though there is strong collections recovery and improvement in asset quality
- With these provisions, we are well prepared for any economic uncertainty post moratorium

LTFH strongly positioned and ready to benefit from Rural recovery

Appendix

Lending Business – Business wise disbursement split

Disbursement

Q1FY20	Segments (Rs. Cr)	Q4FY20	Q1FY21	Y-o-Y (%)
874	Farm Equipment	890	590	(33%)
1,090	TW Finance	1,203	310	(72%)
2,268	Micro Loans	2,216	7	(100%)
-	Consumer Loans	112	6	-
4,232	**Rural Finance**	**4,420**	**913**	**(78%)**
661	Home Loans	594	66	(90%)
188	LAP	111	2	(99%)
1,275	Real Estate Finance	1,197	248	(81%)
2,123	**Housing Finance**	**1,902**	**317**	**(85%)**
3,252	Infrastructure Finance	1,885	648	(80%)
-	Infra Debt Fund (IDF)	6	441	-
3,252	**Infrastructure Finance**	**1,891**	**1,089**	**(67%)**
9,608	**Focused Business**	**8,213**	**2,318**	**(76%)**
-	De-focused	-	-	-
9,608	**Total Disbursement**	**8,213**	**2,318**	**(76%)**

L&T Financial Services

Lending Business – Business wise book split

Book				
Q1FY20	**Segments (Rs. Cr)**	**Q4FY20**	**Q1FY21**	**Y-o-Y (%)**
7,463	Farm Equipment	8,438	8,403	13%
5,857	TW Finance	6,575	6,386	9%
12,524	Micro Loans	12,495	12,531	0%
-	Consumer Loans	154	155	-
25,845	**Rural Finance**	**27,661**	**27,476**	**6%**
6,615	Home Loans	7,770	7,830	18%
4,217	LAP	3,881	3,908	(7%)
15,201	Real Estate Finance	14,933	15,216	0%
26,033	**Housing Finance**	**26,584**	**26,954**	**4%**
30,315	Infrastructure Finance	30,113	30,131	(1%)
8,307	Infra Debt Fund (IDF)	8,796	9,146	10%
38,623	**Infrastructure Finance**	**38,909**	**39,276**	**2%**
90,500	**Focused Business**	**93,154**	**93,706**	**4%**
9,403	De-focused	5,230	5,173	(45%)
99,904	**Total Book***	**98,384**	**98,879**	**(1%)**

* Excludes sovereign debt

Rural Finance – Summary financial performance

Performance Summary

Q1FY20	Summary P&L (Rs. Cr)	Q4FY20	Q1FY21	Y-o-Y (%)
1,195	Interest Income	1,317	1,307	9%
469	Interest Expense	464	509	8%
726	NIM	852	798	10%
109	Fee & Other Income	94	32	(71%)
835	NIM + Fee & other income	946	829	(1%)
258	Operating Expense	302	262	1%
577	Earnings before credit cost	644	568	(2%)
223	Credit Cost (excl. Covid-19 & Macro Prudential)	378	60	(73%)
-	Credit Cost (for Covid-19 & Macro Prudential)	57	374	-
252	**PAT**	**175**	**114**	**(55%)**

Q1FY20	Particulars (Rs. Cr)	Q4FY20	Q1FY21	Y-o-Y(%)
25,845	Book	27,661	27,476	6%
3,962	Networth	4,523	4,516	14%

L&T Financial Services

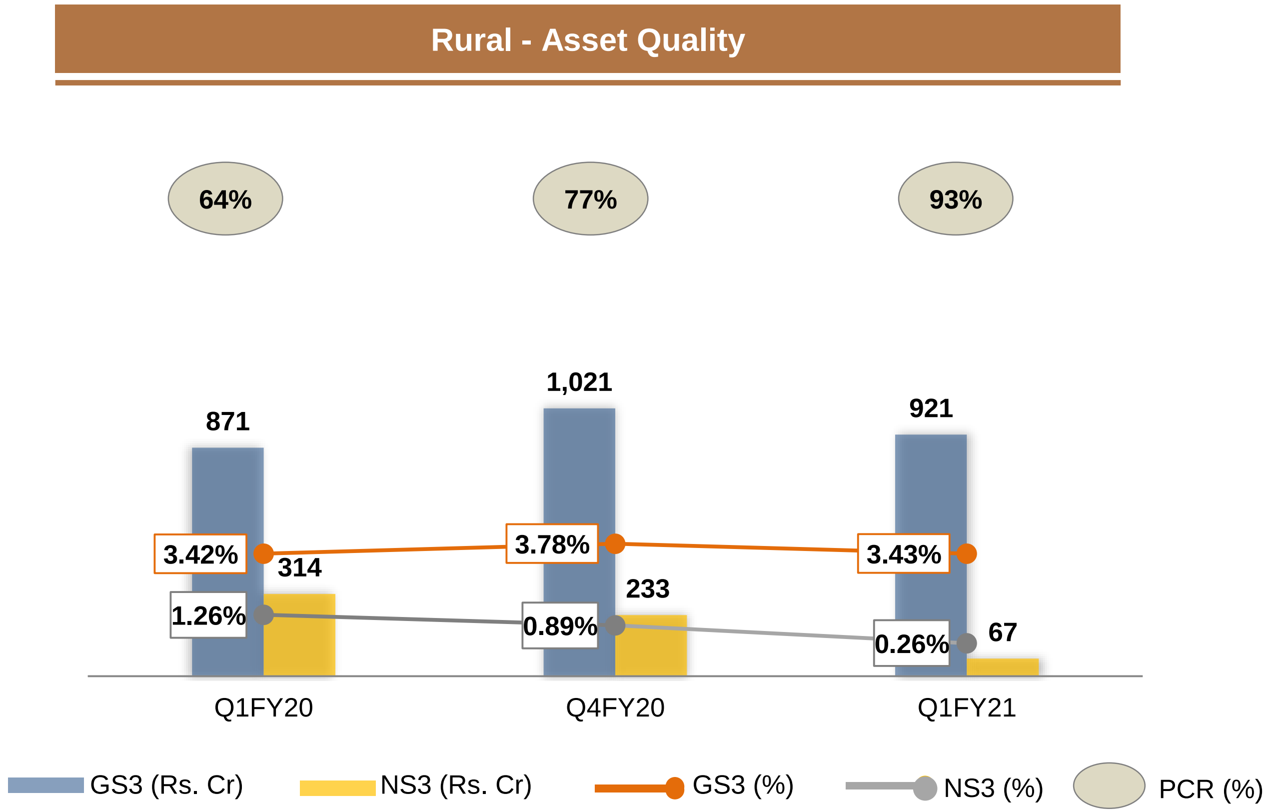
Rural Finance – Key ratios

Key Ratios

Q1FY20	Key Ratios	Q4FY20	Q1FY21
18.54%	Yield	18.97%	18.83%
11.32%	Net Interest Margin	12.35%	11.53%
1.70%	Fee & Other Income	1.36%	0.46%
13.02%	NIM + Fee & other income	13.71%	11.98%
4.02%	Operating Expenses	4.38%	3.78%
9.00%	Earnings before credit cost	9.33%	8.20%
3.48%	Credit Cost (excl. Covid-19 & Macro Prudential)	5.48%	0.87%
-	Credit Cost (for Covid-19 & Macro Prudential)	0.83%	5.41%
3.89%	Return on Assets	2.46%	1.52%
5.41	Debt / Equity	4.93	4.84
26.20%	**Return on Equity**	**15.14%**	**9.91%**

L&T Financial Services

Rural Finance - Asset quality



In addition to above; Macro Prudential provisions, Covid-19 and enhanced provision for stage 1&2 assets at Rs. 764 Cr (2.95% of standard book)

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

Housing Finance – Summary financial performance

Performance Summary

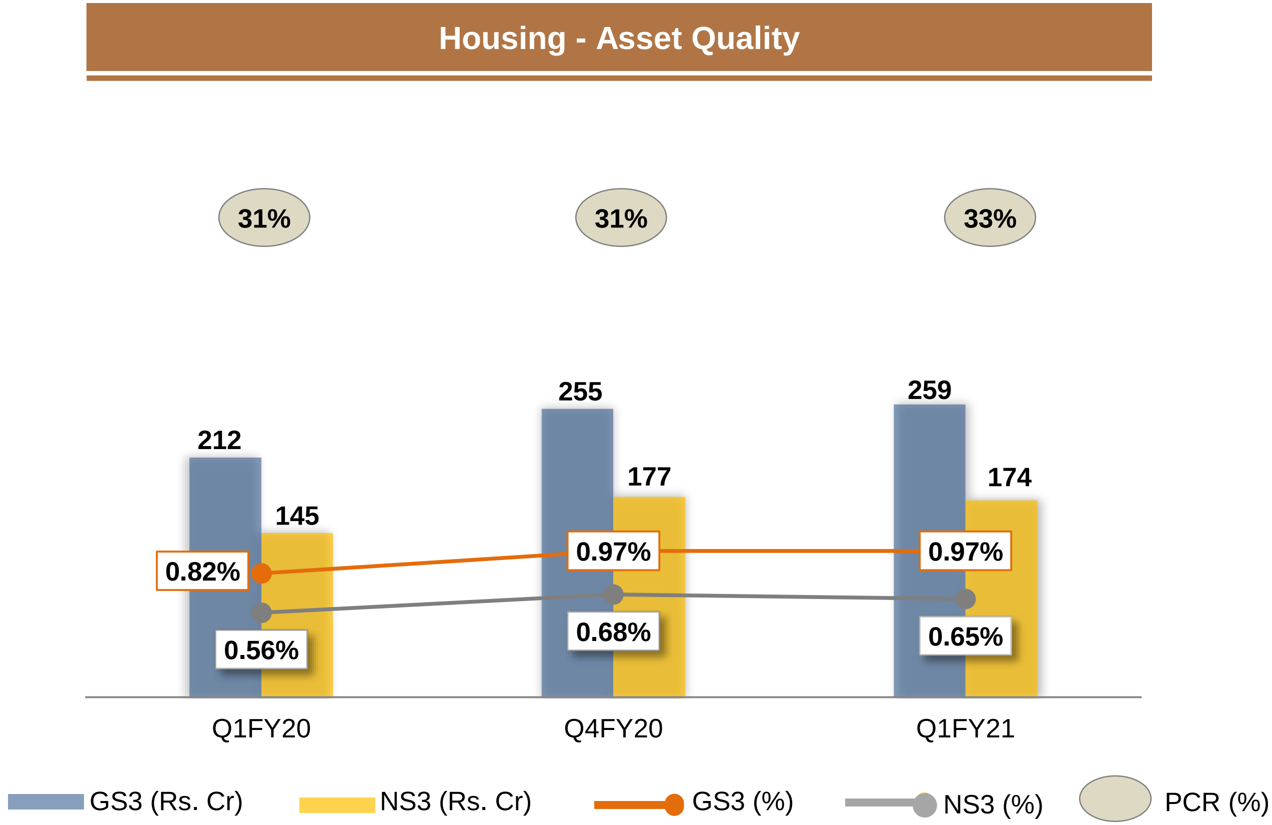
Q1FY20	Summary P&L (Rs. Cr)	Q4FY20	Q1FY21	Y-o-Y (%)
828	Interest Income	821	825	(0%)
484	Interest Expense	503	558	15%
344	NIM	317	267	(22%)
62	Fee & Other Income	39	36	(43%)
407	NIM + Fee & other income	357	302	(26%)
59	Operating Expense	85	80	34%
347	Earnings before credit cost	272	223	(36%)
33	Credit Cost (excl Covid-19 & Macro Prudential)	23	25	(23%)
25	Credit Cost (for Covid-19 & Macro Prudential)	133	185	-
208	**PAT**	**102**	**23**	**(89%)**

Q1FY20	Particulars (Rs. Cr)	Q4FY20	Q1FY21	Y-o-Y(%)
26,033	Book	26,584	26,954	4%
3,874	Networth	4,302	4,301	11%

Housing Finance – Key ratios

Key Ratios			
Q1FY20	Key Ratios	Q4FY20	Q1FY21
12.90%	Yield	12.29%	12.32%
5.36%	Net Interest Margin	4.75%	3.99%
0.97%	Fee & Other Income	0.59%	0.53%
6.33%	NIM + Fee & other income	5.34%	4.52%
0.92%	Operating Expenses	1.27%	1.19%
5.41%	Earnings before credit cost	4.07%	3.33%
0.51%	Credit Cost (excl Covid-19 & Macro Prudential)	0.35%	0.38%
0.39%	Credit Cost (for Covid-19 & Macro Prudential)	1.99%	2.76%
3.01%	Return on Assets	1.37%	0.29%
5.84	Debt / Equity	5.59	5.68
22.07%	**Return on Equity**	**9.28%**	**2.12%**

Housing Finance - Asset quality



In addition to above; Macro Prudential provisions, Covid-19 and enhanced provision for stage 1&2 assets at Rs. 444 Cr (1.68% of standard book)

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

Infrastructure Finance (ex IDF) – Summary financial performance

Performance Summary

Q1FY20	Summary P&L (Rs. Cr)	Q4FY20	Q1FY21	Y-o-Y (%)
781*	Interest Income	766	752	(4%)
588	Interest Expense	555	598	2%
194	NIM	210	154	(20%)
106	Fee & Other Income	61	32	(70%)
299	NIM + Fee & other income	271	186	(38%)
45	Operating Expense	51	40	(11%)
254	Earnings before credit cost	220	146	(43%)
4	Credit Cost (excl Covid-19)	54	143	-
-	Credit Cost (for Covid-19)	17	17	-
156	**PAT**	**140**	**18**	**(89%)**

Q1FY20	Particulars (Rs. Cr)	Q4FY20	Q1FY21	Y-o-Y(%)
30,315	Book	30,113	30,131	(1%)
3,810	Networth	5,341	5,087	34%

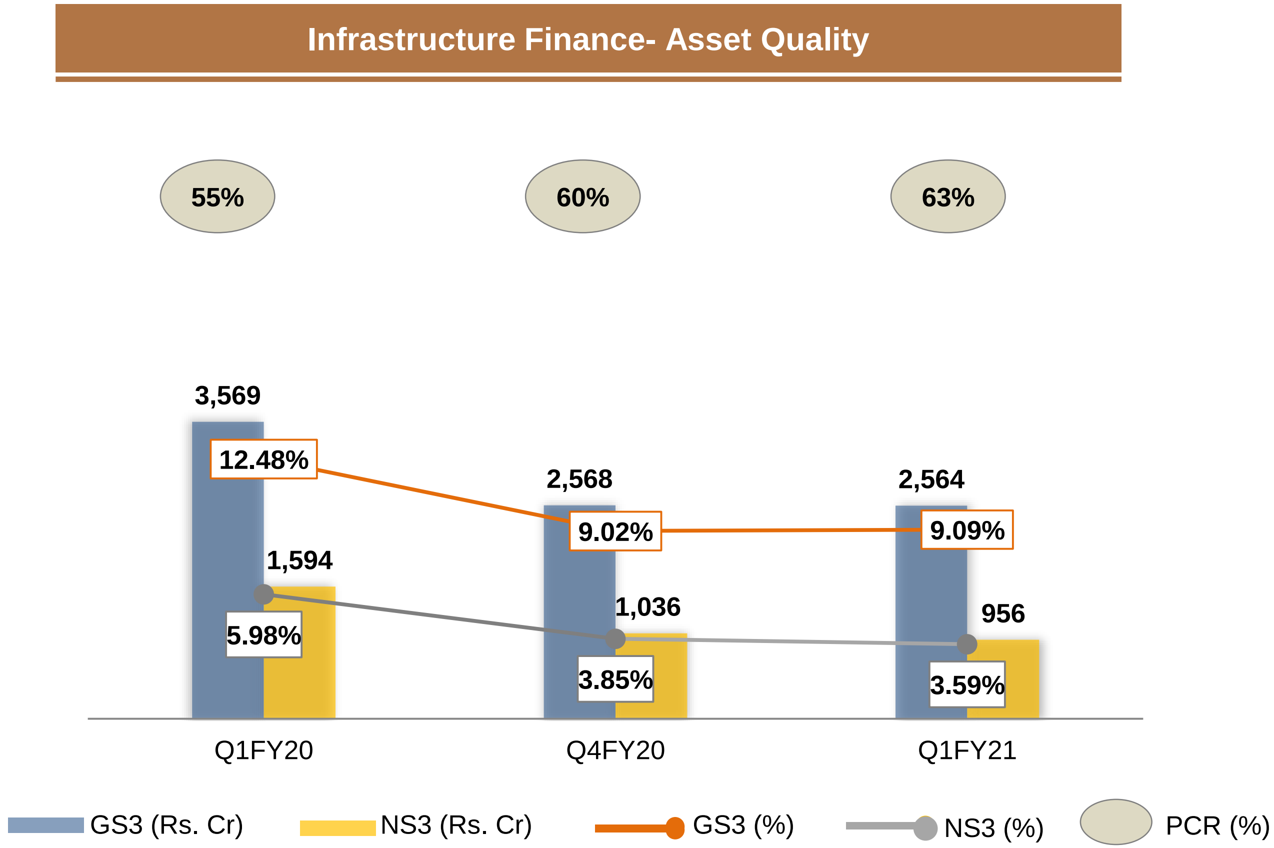
*Includes interest income of Rs. 52 Cr for IL&FS, which was deferred in Q4FY19 and recognized in Q1FY20

Infrastructure Finance (ex IDF) – Key ratios

Key Ratios			
Q1FY20	**Key Ratios**	**Q4FY20**	**Q1FY21**
10.46%*	Yield	9.98%	10.02%
2.59%	Net Interest Margin	2.74%	2.06%
1.41%	Fee & Other Income	0.79%	0.42%
4.00%	NIM + Fee & other income	3.53%	2.48%
0.60%	Operating Expenses	0.67%	0.54%
3.40%	Earnings before credit cost	2.86%	1.94%
0.05%	Credit Cost (excl Covid-19)	0.70%	1.91%
-	Credit Cost (for Covid-19)	0.22%	0.23%
1.98%	Return on Assets	1.80%	0.22%
6.77	Debt / Equity	4.72	5.05
16.94%	**Return on Equity**	**11.06%**	**1.39%**

*Includes interest income of Rs. 52 Cr for IL&FS, which was deferred in Q4FY19 and recognized in Q1FY20

Infrastructure Finance (ex IDF) - Asset quality



In addition to above; Covid-19 provision at Rs. 34 Cr

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

L&T Financial Services

IDF – Summary financial performance

Performance Summary

Q1FY20	Summary P&L (Rs. Cr)	Q4FY20	Q1FY21	Y-o-Y (%)
233*	Interest Income	214	213	(9%)
155	Interest Expense	173	175	13%
78	NIM	41	38	(51%)
5	Fee & Other Income	13	12	122%
83	NIM + Fee & other income	55	50	(40%)
9	Operating Expense	10	9	(8%)
74	Earnings before credit cost	44	41	(44%)
0	Credit Cost	(1)	1	-
74	**PAT**	**45**	**40**	**(46%)**

Q1FY20	Particulars (Rs. Cr)	Q4FY20	Q1FY21	Y-o-Y(%)
8,307	Book	8,796	9,146	10%
1,135	Networth	1,267	1,307	15%

*Includes interest income of Rs. 32 Cr for IL&FS, which was deferred in Q4FY19 and recognized in Q1FY20

IDF – Key ratios

Q1FY20	Key Ratios	Q4FY20	Q1FY21
11.27%*	Yield	9.60%	9.53%
3.78%	Net Interest Margin	1.85%	1.71%
0.26%	Fee & Other Income	0.59%	0.53%
4.04%	NIM + Fee & other income	2.45%	2.23%
0.45%	Operating Expenses	0.45%	0.38%
3.59%	Earnings before credit cost	2.00%	1.85%
0.01%	Credit Cost	(0.03%)	0.06%
3.44%	Return on Assets	1.87%	1.63%
6.37	Debt / Equity	5.98	6.01
27.34%	**Return on Equity**	14.56%	12.46%

*Includes interest income of Rs. 32 Cr for IL&FS, which was deferred in Q4FY19 and recognized in Q1FY20

IDF - Asset quality

IDF - Asset Quality

Asset Quality	Q1FY20	Q4FY20	Q1FY21
Gross Loans & Advances	8,253	8,756	9,090
GS3 (%)	Nil	Nil	Nil

 GS3 - Gross Stage 3

Infrastructure Finance – Portfolio wise split

DISBURSEMENT

Sectors (Rs. Cr)	Q1FY20	Q4FY20	Q1FY21	Y-o-Y (%)
Renewable Power	1,845	1,159	994	(46%)
Roads	263	412	64	(76%)
Power Transmission	1,030	110	10	(99%)
Others[1]	114	210	22	(81%)
Total	**3,252**	**1,891**	**1,089**	**(67%)**

LOAN BOOK

Sectors (Rs. Cr)	Q1FY20	Q1FY20 (% of Total)	Q4FY20	Q4FY20 (% of Total)	Q1FY21	Q1FY21 (% of Total)	Y-o-Y (%)
Renewable Power	19,946	52%	20,592	53%	21,435	55%	7%
Roads	9,271	24%	9,588	25%	9,518	24%	3%
Power Transmission	2,367	6%	2,672	7%	2,264	6%	(4%)
Others[2]	7,038	18%	6,057	16%	6,060	15%	(14%)
Total	38,623	100%	38,909	100%	39,276	100%	2%

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

AUM disclosure – Investment Management Business

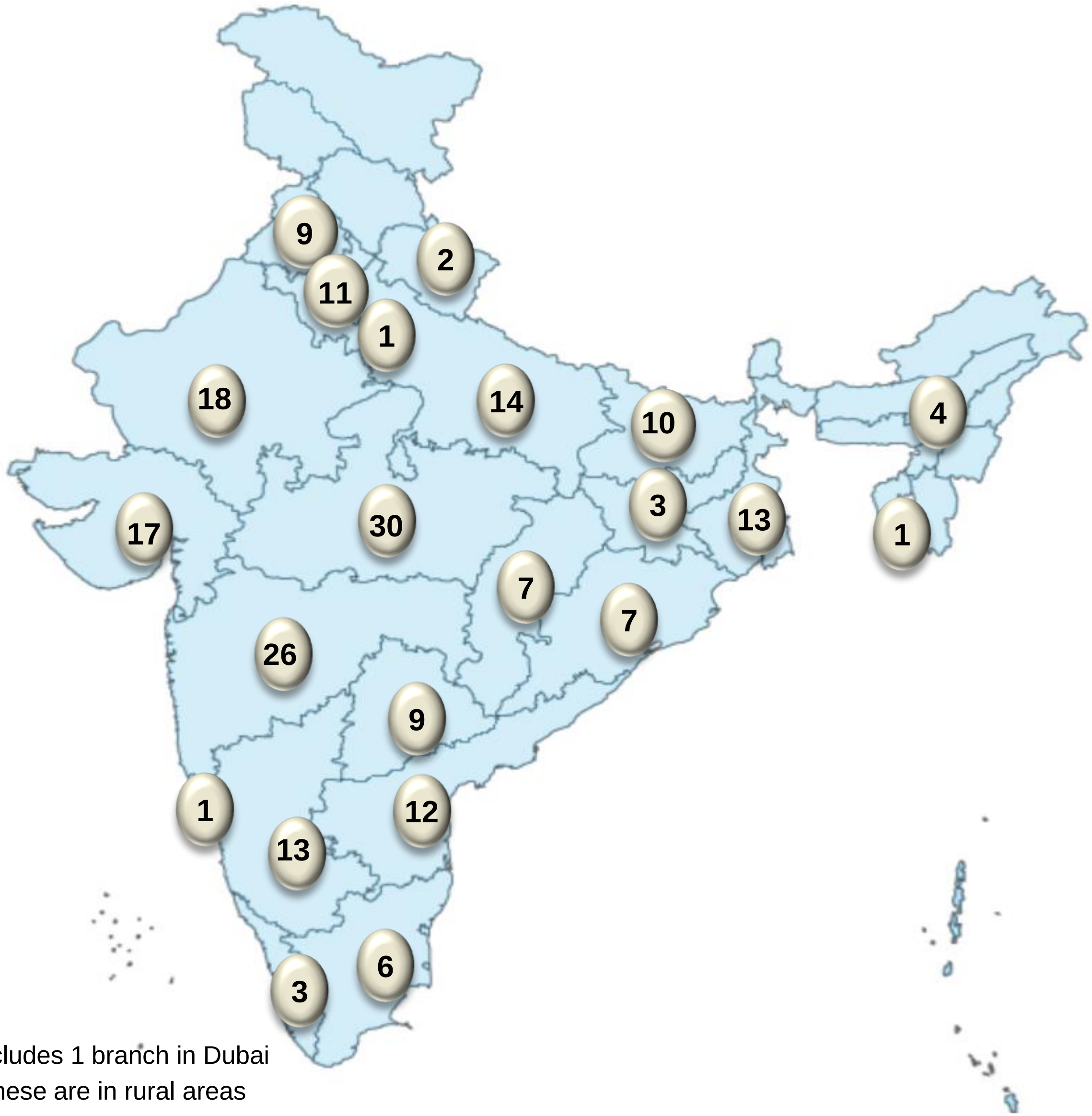
Assets under Management (Rs. Cr)						
	Quarter ended Jun, 2019		Quarter ended Mar, 2020		Quarter ended Jun, 2020	
Fund Type	AUM[1]	Avg. AUM[2]	AUM[1]	Avg. AUM[2]	AUM[1]	Avg. AUM[2]
Equity (Other than ELSS)	38,293	38,038	25,664	34,698	30,453	28,279
Equity – ELSS	3,385	3,337	2,346	3,179	2,842	2,624
Income	16,367	16,480	18,236	20,323	16,892	17,237
Liquid	8,900	15,513	8,557	12,731	9,616	10,030
Gilt	136	129	134	125	253	191
Total	**67,081**	**73,497**	**54,937**	**71,056**	**60,056**	**58,361**

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

Product profile and Geographies

BUSINESS		ATS on o/s book	ATS on qtrly disb	Avg Tenor on disb	Major Geographies
Rural	Farm Equipment	Rs. 3.0 Lakhs	Rs. 4.3 Lakhs	46 months	MP, Karnataka, UP, Bihar, Telangana, Maharashtra, AP, Haryana
Rural	Two Wheeler	Rs. 37k	Rs. 63k	27 months	Kolkata, Pune, Mumbai, Bangalore, Hyderabad, Ahmedabad, Delhi
Rural	Micro Loans (Joint Liability Group)	Rs. 21k	N.A.	N.A.	TN, Bihar, Karnataka, West Bengal, Kerala, Orissa, MP
Rural	Consumer Loans	Rs. 1.3 Lakhs	N.A.	N.A.	Maharashtra, Gujarat, WB, Bihar, Karnataka
Housing	Home Loan	Rs. 33 Lakhs	Rs. 55 Lakhs	23 years	Mumbai, Delhi, Bangalore, Pune, Hyderabad, Chennai & Surat
Housing	Loan against Property	Rs. 47 Lakhs	N.A.	N.A.	Bangalore, Pune, Mumbai, Delhi, Surat, Hyderabad

LTFH branch footprint



As of 30th June, 2020

No. of States & Union Territories	**21 & 1**
No. of branches*	**218**
No. of Micro Loans meeting centers**	**1,422**
No. of employees	**22,476**

*Also includes 1 branch in Dubai

**All these are in rural areas

L&T Financial Services

Corporate Social Responsibility

Directly linked to creating value

FOCUS: GENERATION OF SUSTAINABLE RURAL LIVELIHOODS

Digital financial inclusion


- Pogramme scaled to 138 new villages with 350 additional Digital Sakhis with target of reaching 1.5 lakh community members in West Bengal and Tamilnadu
- More than 32,000 community member sensitized on government entitlement schemes in Maharashtra and Madhya Pradesh

Water resource management


- De-silting of 30,000 cubic meter undertaken to help increase the water storage capacity of existing water structures
- 2,500 farmers enrolled for on hands on training on Low External Input Sustainable Agriculture (LEISA) practices through 79 demo plots of Farmer field School (FFS)

COVID-19 Response


- Distribution of ration kits, sanitization kits (hand sanitizers and masks) and created awareness on social distancing, mask usage, hand washing etc
- Reached out to 1.13 lakhs plus community members in the month of April and May through various means

Disaster Relief (Amphan cyclone)


- 28 employee volunteers contributed over 190 volunteering hours
- Reached to 5,880 Families across 174 villages affected by the aftermath of cyclone Amphan in the State of West Bengal

Awards & Recognition

Most Socially Aware Corporate of the Year

(March, 2020)

Golden Peacock Award
Corporate Social Responsibility

(March, 2020)

FICCI

Corporate Social Responsibility Award

Women Empowerment

(March, 2020)

10th India Digital Awards
Digital Sakhi

(February, 2020)

The Asset Triple A
Asia Infrastructure Awards 2020

Renewable Energy
Acquisition Financing
Deal of the Year

(July, 2020)

The Asset Triple A
Asia Infrastructure Awards 2020

Utility Deal of the Year

(July, 2020)

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
22 yrs exp, ICICI Bank, GE, ICI

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

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

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

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

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

Tushar Patankar
Group Chief Risk Officer
25 yrs exp, ICICI Bank, ABN Amro, HSBC, ANZ, IDFC Bank, Mashreq Bank, Bank Internasional Indonesia, Bajaj Finserv

Abhishek Sharma
Chief Digital Officer
16 yrs exp, Indian Army

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