L&T Financial Services

October 22, 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: Submission of Investor / Analyst Presentation

Dear Sir / Madam,

With reference to our letter dated October 6, 2020 and pursuant to Regulation 30 read with Para A of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), please find enclosed presentation to be made to Institutional Investor(s) / Analyst(s).

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

We request you to take the aforesaid on records.

Thanking you,

Yours faithfully,

For **L&T Finance Holdings Limited**

Apurva Rathod
Company Secretary and Compliance Officer

Encl: As above

Strategy & Results Update – Q2FY21

L&T Financial Services

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LTFH 2.0
Our Commitment

TO BE A COMPANY WHICH:

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

Agenda

A Q2 in perspective

B Financial Update

Q2FY21 in perspective

Drivers	Update
Better than expected revival post lockdown	• Faster than expected recovery in Rural business ✓ Gained market share to become No. 1 Farm equipment financier for Q2FY21 ✓ Best ever monthly disbursements (September) for Rural business • Strong pickup in Infra disbursements (Rs. 2,908 Cr) especially in Renewables; highest ever quarterly sell down of Rs. 4,073 Cr

LTFH took full advantage of faster than expected recovery in Rural and Infra; well poised to gain from this going forward

Drivers	Update
Resilient balance sheet through enhanced collection efficiency and additional provisions	• Excellent pickup in collection volumes across businesses (especially in Rural and Infra) • Substantial reduction in GS3 by Rs. 825 Cr YoY and Rs. 18 Cr QoQ with PCR maintained at 69% • In addition to above, created additional provision (over and above PCR and standard asset provisions) of Rs. 512 Cr in Q2FY21. With this, carrying additional provisions of Rs. 1,757 Cr (1.95%) on standard book ✓ Out of this, Rs. 1,079 Cr (9.2% of standard ML book) of provisions are towards Micro Loan book; moratorium related risks largely addressed through these additional provisioning ✓ Additional provisions of Rs. 518 Cr (1.94% of standard book) are towards Housing book

Significant pickup in collections volume across all the businesses

Strengthened balance sheet through additional provisions for any economic uncertainty

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Q2FY21 in perspective

Drivers	Update
Normalized liquidity and disbursements leading to desired NIMs+Fees	• Advantageously placed with AAA rating and strong parentage ✓ AAA rating reaffirmed by ICRA, CARE in September 2020 and October 2020 ✓ AAA rating reaffirmed by CRISIL in May 2020 and India Ratings in April 2020 • AAA rated NBFCs like LTFH have seen easing of liquidity and our focus now would be to reduce excess liquidity and bring down the cost of borrowing further ✓ Maintained additional average quarterly liquid assets of ~ Rs. 4,700 Cr in Q2FY21 which had a negative carry of Rs. 64 Cr (as compared to Rs. 84 Cr in Q1FY21) ✓ Reduction in cost of borrowing by 17 bps QoQ; focus on reducing cost of borrowing further through prepayment / renegotiation of terms • Improvement in Fee Income with the pickup in disbursement ✓ Fee Income growth trajectory returned to pre-Covid levels for Rural and Infra Finance

Increase in Fee Income, easing of liquidity leading to lower liquidity buffer and reduction in cost of borrowing has enabled NIMs+Fees to reach the desired range of 6.5-7%

Easing of liquidity condition enabling reduction in cost of borrowing, well provided balance sheet and strong pickup in Rural & Infra disbursements will ensure future growth and protection from any economic uncertainty

Q2FY21 in perspective

Definite positive momentum – Economic revival led by Rural and Renewables

Business update post lockdown

Rural: Structural changes to drive long term growth

Rural

Positive macros; rural prospects improving




Government initiatives	• Initiatives like DBT, affordable housing, jal jeevan, ayushman bharat etc. have improved access to housing, sanitation, cooking gas and health care leading to lesser leakages & higher liquidity in the hands of the beneficiaries
Improved water storage	• Improved water reservoir levels are helping India's resilience to bad monsoons
Above normal monsoon	• Above normal monsoon rainfall for the second consecutive year and third highest precipitation in the last 30 years
Increase in MSP and crop procurement	• MSP of the crops is rising along with the crop area • Under the procurement in the Central pool, the procurement by the government agencies has touched an all-time high record; total procurement for the Central pool reached 382 lakh metric tonnes
Farm Bill	• The new agri marketing reforms allow farmers to sell to anyone outside the APMC and is expected to provide access to modern technology, ready markets for agri products and better inputs; to benefit the sector in the long run

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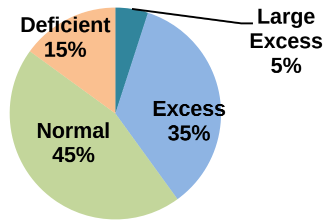
Led by Farm sector

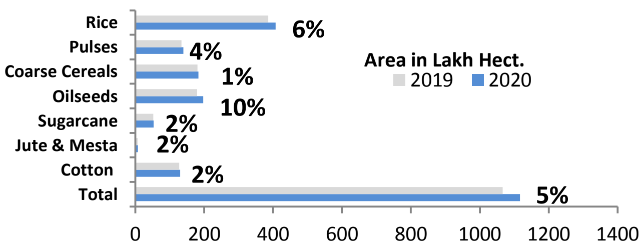
Rural

Rainfall Distribution (as % area of the Country)



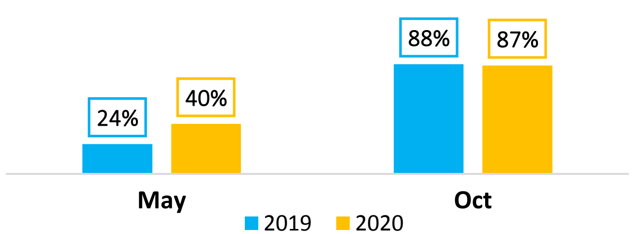
- 9% above normal rainfall with 85% of the country receiving normal / above normal rainfall; however, last 15 days have seen some unseasonal rainfall
- Farm sentiments expected to remain healthy, aided by healthy farm cash flows and stable crop prices, supported by enhancement of Govt. focus on procurement
- Robust growth in employment generation through MGNREGA (Apr-Aug FY21) & higher deposit levels in Jan Dhan A/cs are indicative of improved Rural cash flows

Kharif Sowing Progress Growth (End Season)



- At the end of this season, sowing of major kharif crops was 5% higher YoY owing to stable water storage position prior to monsoon and above normal rainfall
- Early estimates suggest that food grains production is set to cross another record in FY21
- Export of essential agri-commodities for Apr–Sep'20 period has increased by 43% YoY

Storage as % of full reservoir level (FRL)



- As of May'20, the storage as percentage of live capacity at full reservoir level (FRL) was at 40% which was the maximum in the last 13 years and has increased to 87% in Oct'20
- According to RBI, rural economy looks resilient undeterred by the pandemic
- Even the post monsoon reservoir storage level is healthy, which augurs well for the sowing of the upcoming Rabi crop

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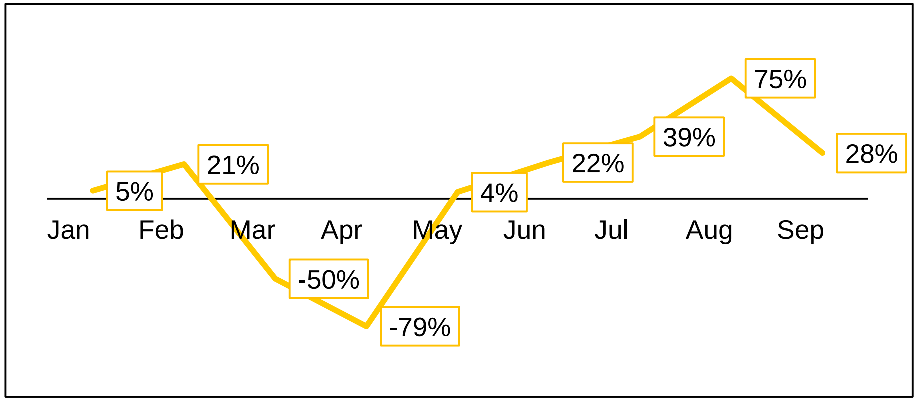
Demonstrated by steady pickup in Tractor & 2W sales (1/2)

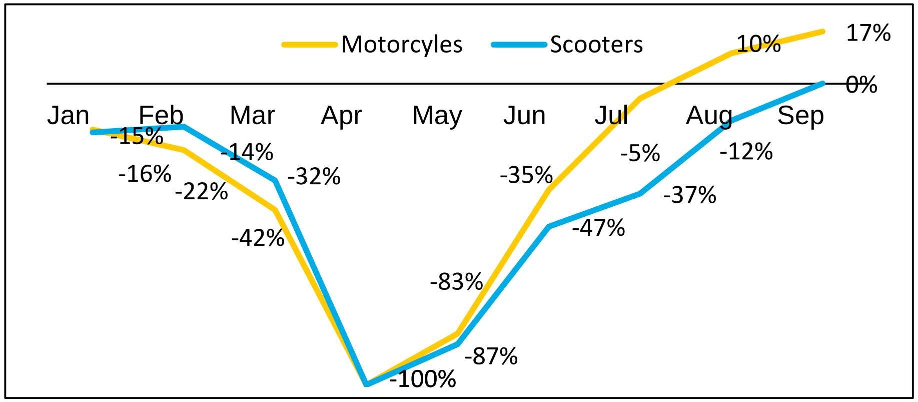
Rural

Domestic Sales of Tractors (Y-o-Y Growth)



- Tractor sales have reported 12% YoY growth in H1FY21 and 41% YoY in Q2FY21
- Furthermore, the recent agricultural marketing reforms are expected to benefit the farmers in the long run through:
  - ✓ Increasing opportunities for farmers to enter long term sale contracts
  - ✓ Increasing availability of buyers, and
  - ✓ Permitting buyers to purchase farm produce in bulk

Domestic Sales of Two Wheelers (YoY Growth)



- Motorcycle sales have reported 17% growth in Sep'20 reflecting robust rural demand
- Demand for Scooters has recovered albeit with a lag to Motorcycle; being more urban centric
- Finance penetration could rise further due to higher price points of TWs

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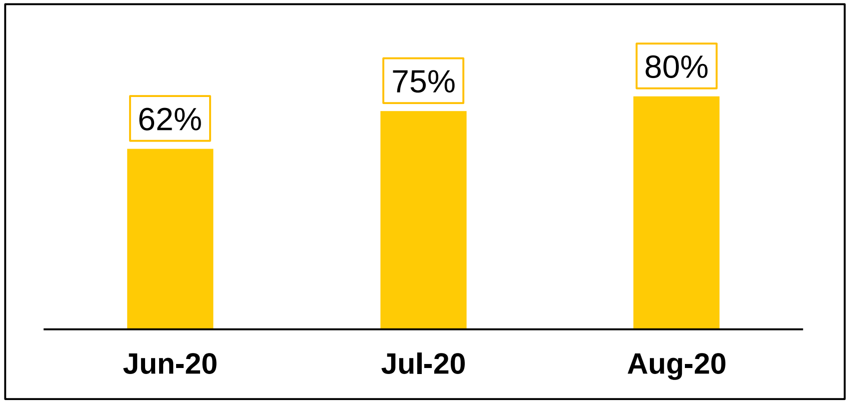
Micro Loans industry seeing m-o-m improvement (2/2)

Rural

Collection Efficiency Trend – MFI (ICRA Research)



- Collection efficiencies improving month on month but yet to scale pre-Covid levels
- Overall collections have improved, however payment behavior remains inconsistent
- ICRA research shows share of non paying borrowers between April to August 2020 is 16% for NBFC-MFI

Key Industry Aspects

- NABARD to offer refinance support to smaller NBFC-MFI's to help them with their cash flow mismatches
- Disbursements are expected to pick up in microfinance industry in latter half of the fiscal especially post festive season; however will still be far lower compared to last year
- Hike in minimum wages for MGNREGA

Economic revival to be driven by positive Rural sentiment

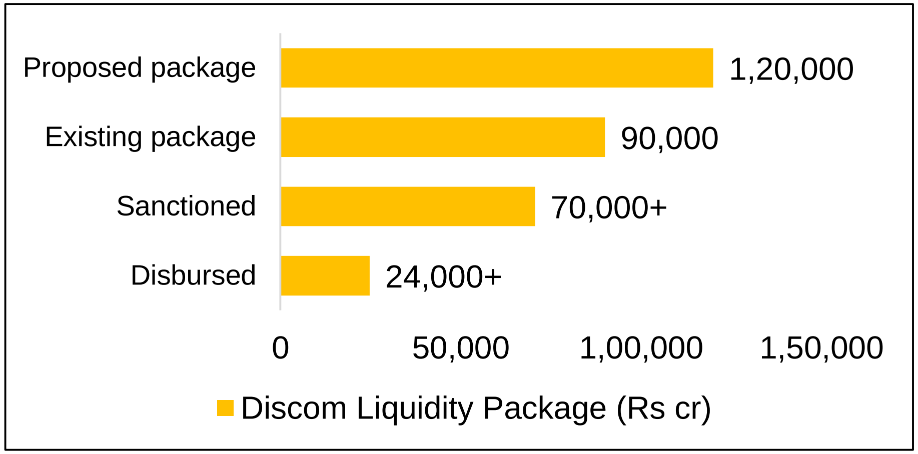
Strong pick-up seen in both collection and disbursement across the industry

Source: ICRA

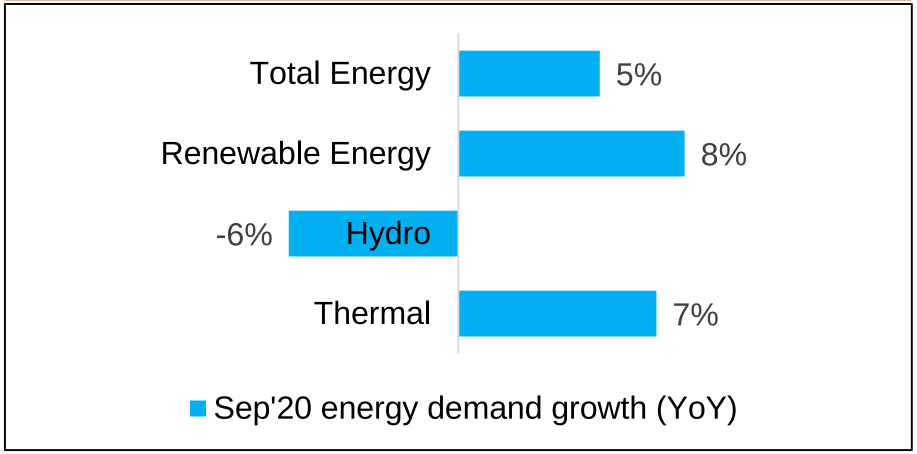
Infra: Strong pickup in demand and new projects awarded

Infrastructure

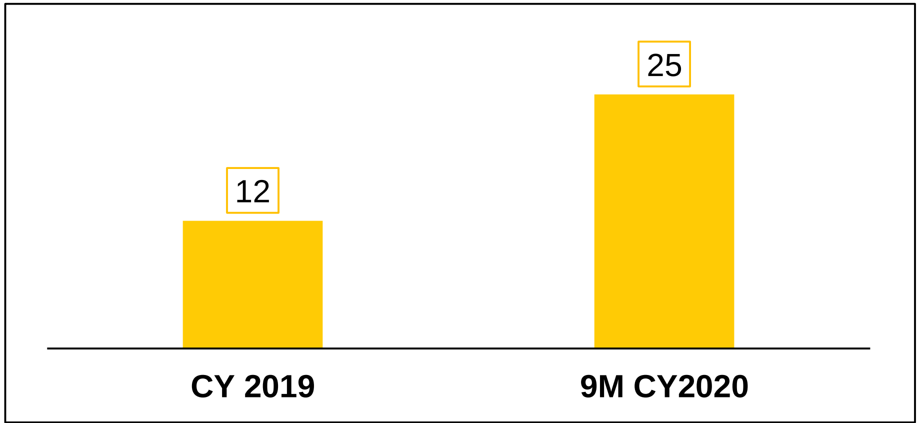
Discom Liquidity Package – augurs well for IPP players[1]



Pick up in energy demand witnessed in September[3]



Total Renewable Energy Auctions (in GW)[2]



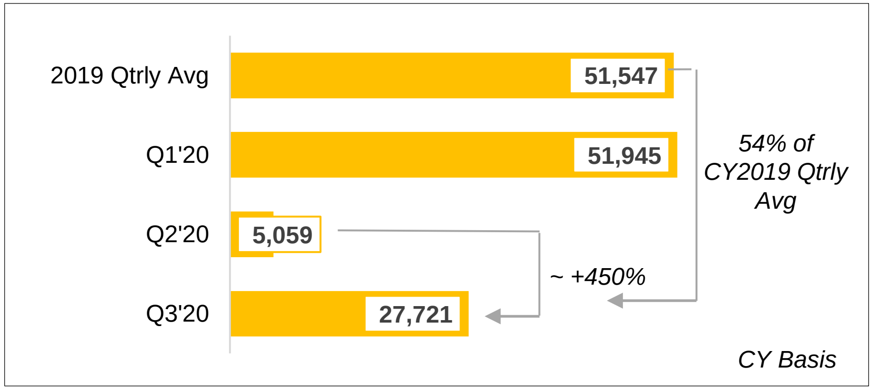
- Economic activity led to an uptick in overall power demand (led by renewables) in Sep'20 after 6 months of degrowth
- Special liquidity package for discoms to improve cash flow cycle for operational power projects
- Strong pick-up in awards for renewable energy projects in CY2020
- NHAI awarded 1,330 km projects worth ~Rs. 47,000 Cr in H1FY21, 40% of which were awarded under the HAM model

Sources: 1 & 2 - Internal Research; 3 - POSOCO

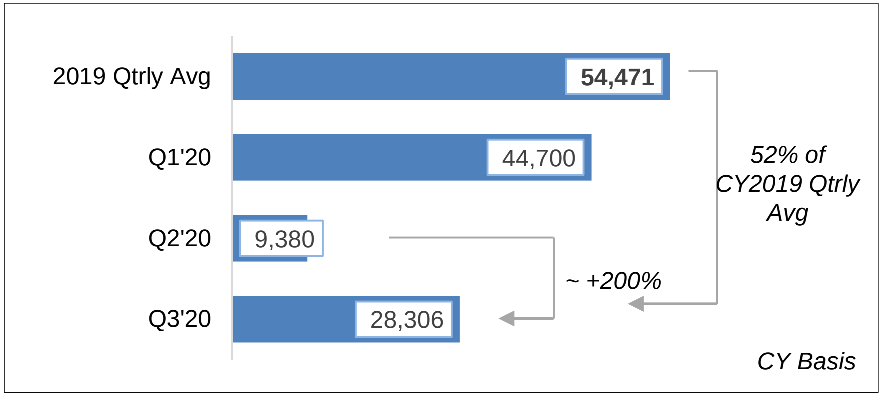
Housing: Continues to be muted although showing very early signs of recovery

Housing

Launches (no. of units) surged by ~450% QoQ



Absorption (no. of units) surged by ~200% QoQ



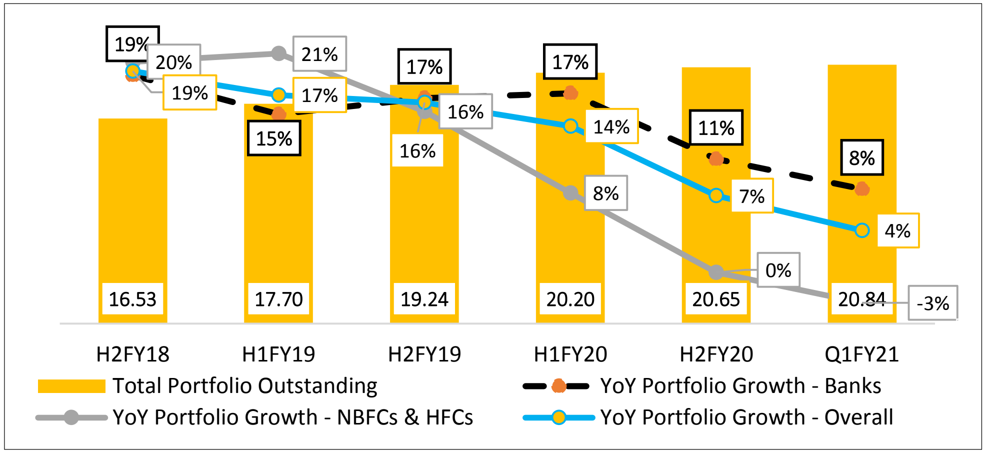
- Absorption levels are picking up across the top 6 cities and have reached at approx. 50-55% of pre-COVID levels in Q3CY20 (quarter ending Sep'20)
  - ✓ Developers are focusing on project completion and sale of existing inventory
- Multiple regulatory measures have been taken to buoy buyer sentiments:
  - ✓ Extension of Credit Linked Subsidy Scheme (CLSS)
  - ✓ Relaxation in risk weightages linked to LTV by RBI – granting greater access to credit especially for high ticket cases
  - ✓ Proposal to reduce approval related costs is also under consideration in Maharashtra
  - ✓ Stamp duty cut by Maharashtra with other states also considering the same

Source: Knight Frank (data for top 6 cities where LTFH is present)

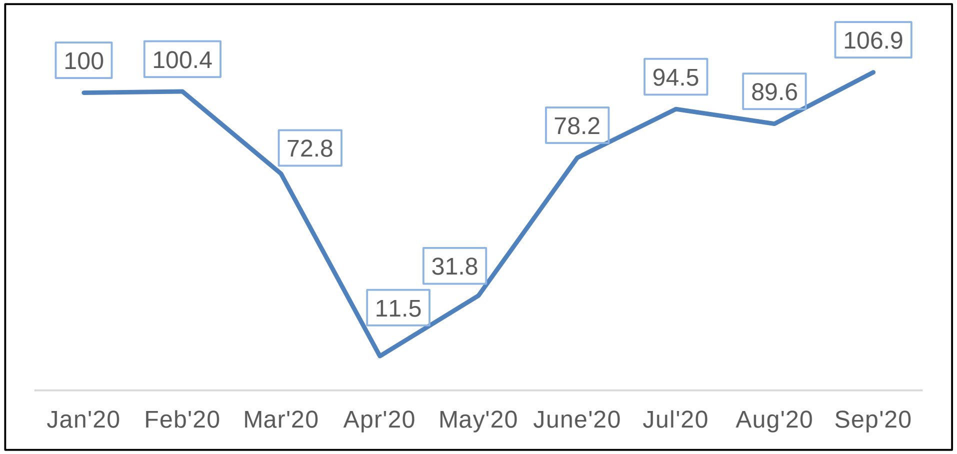
Housing: Gradual pickup in Home Loan inquiries

Housing

Home Loan portfolio growth (in Lakh Cr)



Home Loan inquiries index



- Home Loan portfolio growth for the industry has slowed down; banks have gained market share
- Increased interest of home buyers driven by gradual resumption of business activity supported through lowest home loan rates in a decade & attractive discounts by developers
- LAP: Conservative stand in lending to the SME segment, however, additional funding to existing customers is being provided through the Government backed ECLG scheme

Source: CRIF Highmark, TransUnion CIBIL

LTFH Strategy – Driven by growth engines of the industry

Faster pick-up in activity and collections leading to higher disbursements

Quick Recovery	Farm Equipment	Excellent disbursements; strong collections
	Two Wheelers	Use of analytics led to increased counter share; enhanced on-field efforts to restore collection efficiency
	Infrastructure Finance	Robust disbursement momentum seen in renewables; highest quarterly sell-down

Moderate pick-up in collections albeit slower pick-up in industry fundamentals leading to lower disbursements

Moderate Recovery	Micro Loans	Substantially improved collection efficiency; moratorium related risks largely addressed through additional provisioning
	HL & LAP	Significant debtor reduction with measured disbursements
	Real Estate	Swift recovery in collections but still below pre-Covid levels; focus on ongoing project completions

Use of analytics and "collection-led disbursement strategy" to ensure responsible growth while maintaining asset quality

Leading to improved leadership position across businesses

Farm

Ranked 1st

(2nd in FY20)

MARKET LEADER in Renewable sector financing

Micro Loans

Ranked 3rd

(3rd in FY20)

Leading Indian Mandated Lead Arranger and Book Runner for INR loans

Ranked 2nd in “Bookrunner” & 3rd in “Mandated Arranger” by Refinitiv and Bloomberg (9MCY20)

Two -wheeler

Ranked 4th

(5th in FY20)

Leading Mandated Lead Arranger and Book Runner Asia (ex Japan) for Green UoP loans

Only Indian Institution in Top 4; ranked by Bloomberg (9MCY20)

Using business strengths to gain market share across businesses

Rural business to drive growth, dealer and counter specific strategies implemented to gain market share in upcoming festive season

Source: As per market sources and company’s internal research

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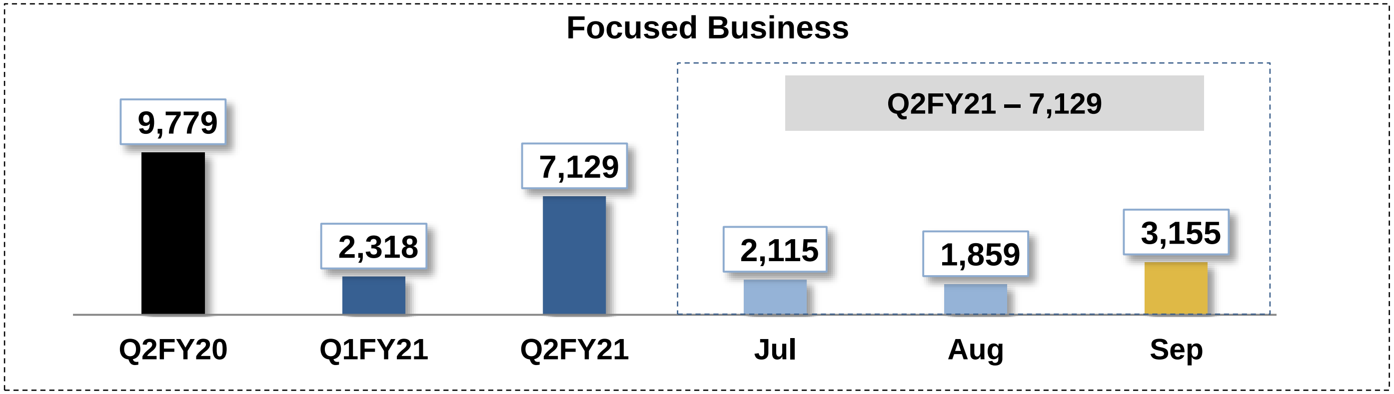
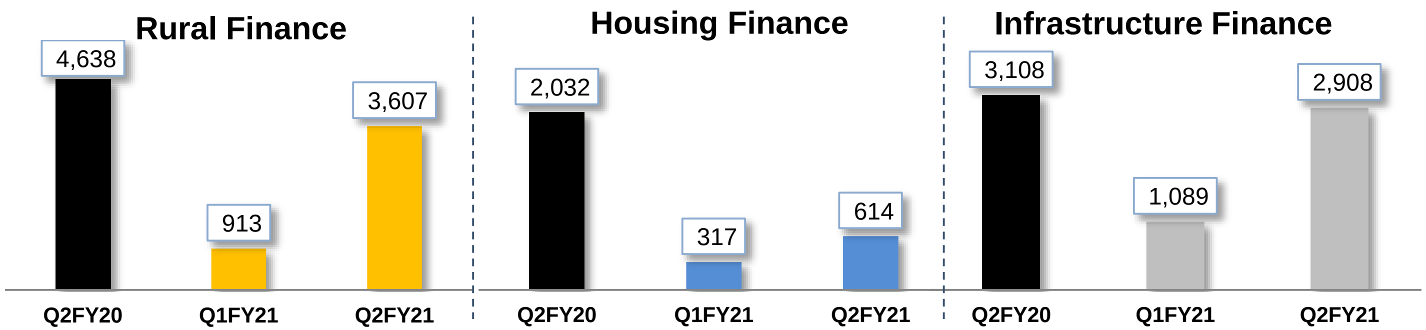
Business update post lockdown

Disbursements	Collections	Balance Sheet	Liquidity
Enhanced market leadership in Rural & Infra segments	Excellent pickup in collections	Resilient balance sheet through enhanced additional provisions	Easing of liquidity leading to reduction in cost of borrowing & excess liquidity

1.1 Disbursements – targeted sourcing basis collection trend





- Risk guardrails made more stringent across businesses; m-o-m improvement in retail disbursements
- Highest ever monthly disbursements (September) in Rural business
- Strong pickup in Infra disbursements (Rs. 2,908 Cr) especially in Renewables; highest ever quarterly sell down of Rs. 4,073 Cr

No. 1 Farm Equipment Financier for Q2FY21; amongst top 3 Two-wheeler financiers for Aug & Sep

Retail disbursements getting rapidly back to normal, good momentum seen in Renewables

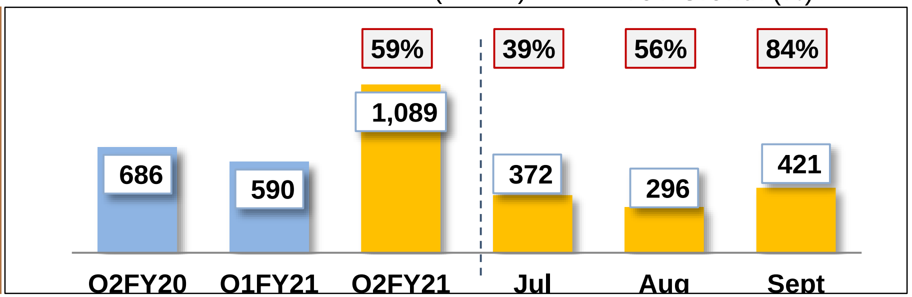
All figures are in Rs. Cr.

1.2.1 Strong pick-up in Rural disbursements

Rural

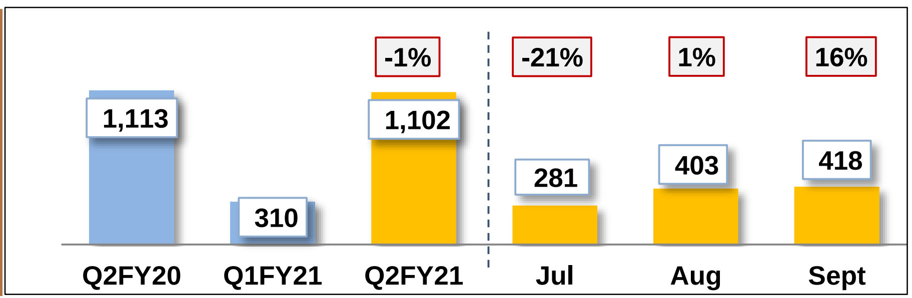
Disbursements (Rs. Cr) YoY Growth (%)

FARM



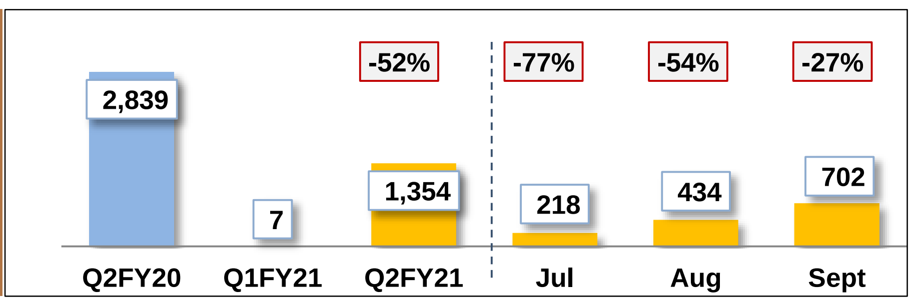
- Gained market share to become No. 1 Farm equipment financier for Q2FY21
- Secured leadership position in major states on back of better collections than the industry
- Analytics driven TA disbursements and trained manpower at dealerships helping increasing counter share with top dealers

2W



- Amongst top 3 financiers for Aug & Sep
- Gradual rise in disbursements using analytics based geography and dealer selection; focus on increasing counter share with top dealers
- Steady improvement in business with unlocking in major markets; number of active dealers back to pre-Covid levels

MICRO LOANS



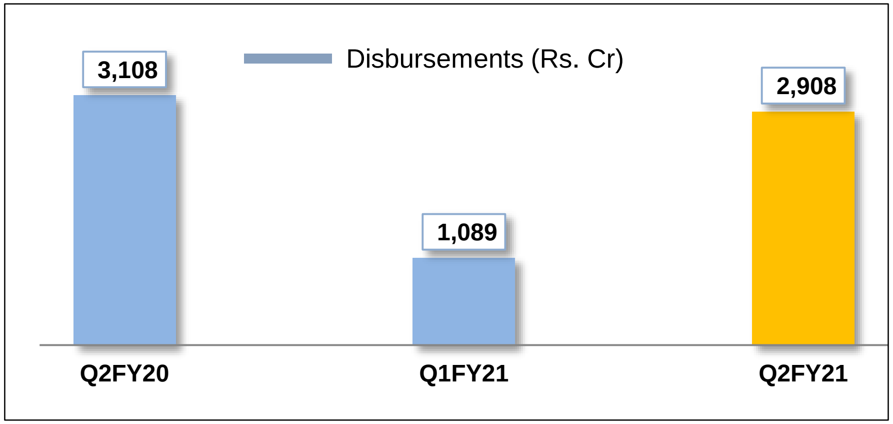
- Month on month increase in disbursements in line with collections pickup by analyzing customer repayment track record and MC performance post moratorium
- New business initiated based on internal collection efficiency thresholds

Best ever monthly disbursements (September) for Rural business

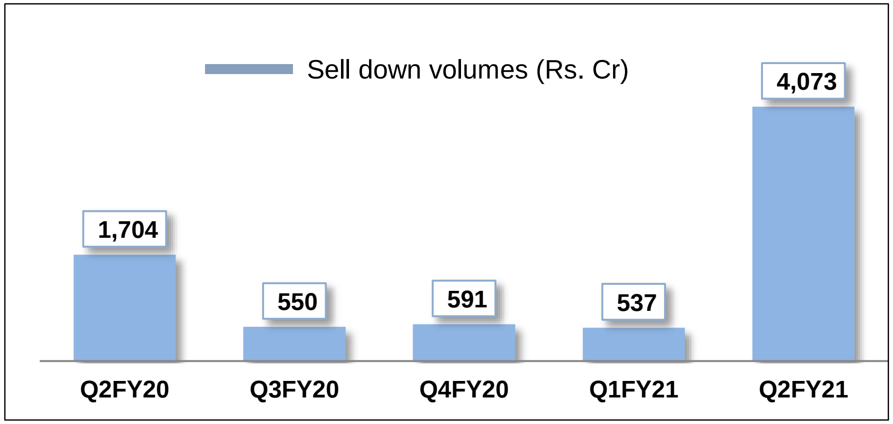
1.2.2 Excellent pickup in disbursements especially in renewables

Infrastructure

INRASTRUCTURE FINANCE



SELL DOWN VOLUMES



- Focus on projects with strong sponsors and off-takers (like SECI) with proven track record
- Stringent risk guardrails to underline select new exposure, majority disbursements were channelized towards completion of existing projects
- Future disbursements in Solar space linked to Module shipping date to avoid any issues in Supply Chain
- Highest ever quarterly sell down volumes of Rs. 4,073 Cr in Q2FY21

Retained market leadership position with robust disbursement in renewable sector owing to better macro environment

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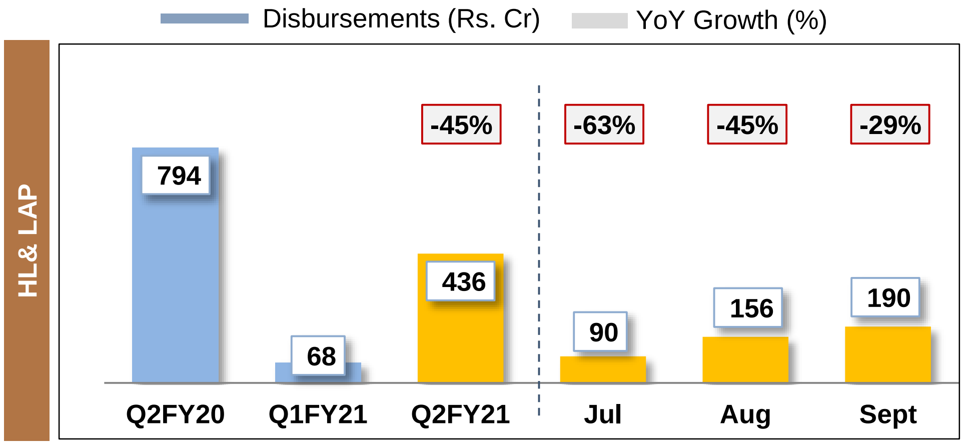
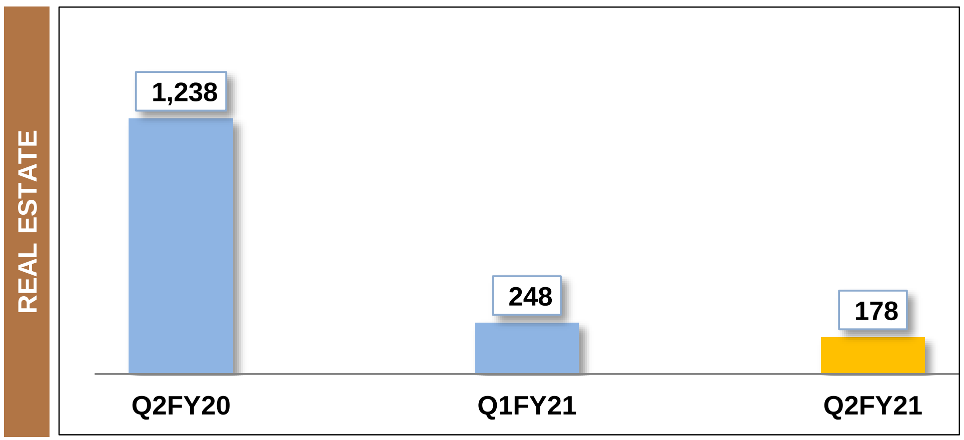
1.2.3 Steady pickup in Housing

Housing



- Home Loan – 87% of loans to salaried segment, self employed home loan fresh disbursements restricted to CF projects only. Direct sourcing at 84% for home loans
- Salaried home loans have reached 88% in Sep'20 vs Sep'19
- LAP sourcing restricted mainly to government backed ECLGS scheme



- No fresh sanctions were made in Q2FY21 – continue to be selective going forward
- Continued support to existing projects to ensure construction is not hampered

Improvement in construction and housing sales month on month; disbursements limited to tranche in Real Estate portfolio

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1.3 Book – Demonstrated growth in target portfolios

	Disbursement Growth % (YoY)	Book-size Growth % (YoY)	
Farm Equipment	59%	19%	Excellent pickup in Farm; Gained market share to become No. 1 financier in Q2FY21
Two Wheelers	(1%)	12%	Gradual recovery in TW sales; Disbursements remained flat while book is up by 12%
Micro Loans	(52%)	(5%)	Targeted growth through collection led strategy; New business initiated based on internal CE thresholds
Home Loans	(50%)	11%	Revival of traction in home loans Salaried portfolio; Salaried Book up by 22% YoY
LAP	(20%)	(4%)	Guarded approach towards self-employed profiles Sourcing limited to top-up loan through Govt. backed ECLGS
Real Estate	(86%)	(2%)	Focus on funding for project completion and extremely selective fresh disbursements
Infrastructure Finance	(6%)	(2%)	Strong disbursements especially in Renewables sector; Highest ever sell down in Q2FY21 led to churn of book

Focus Book largely remained flat due to our guarded approach towards disbursements in select portfolios

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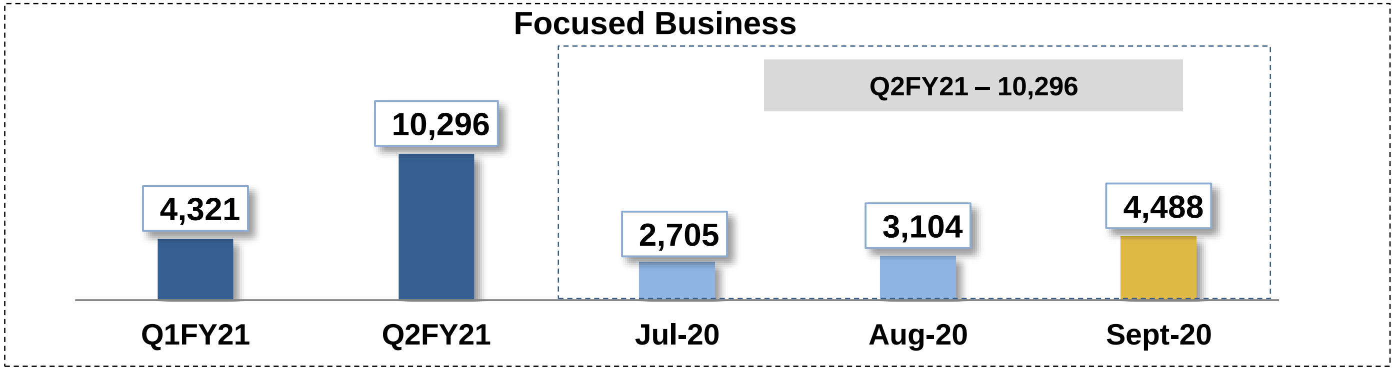
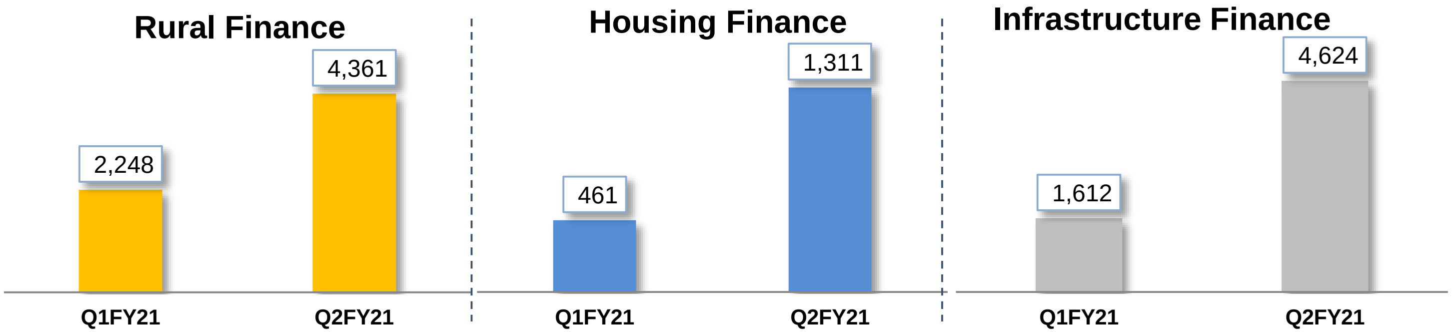
2.1 Collections – strong pick-up through concerted efforts





- Marked improvement in collections across the businesses owing to concerted field efforts and gradual unlocking of economy
  - Consistent increase in collection volumes, currently at ~95% of Q2FY20 levels
- Significant increase in collections in defocussed book (from ~Rs. 150 Cr in Q1FY21 to ~Rs. 600 Cr in Q2FY21)

Concerted efforts, analytics led prioritization and resource allocation leading to increased collection volumes

All figures are in Rs. Cr

2.2.1 Strong improvement in collections m-o-m

Rural

Farm

- Achieved collection efficiency of pre-Covid levels; CE at 89% for the quarter is amongst the highest in the industry
- Highest ever CE achieved for every month in Q2FY21
- Leveraging analytics along with on-ground collection efforts to enhance portfolio quality

2W

- Focus on restoring collection efficiency back to normalcy with incremental field efforts, ramping up call centre & empanelling new agencies; agency manpower levels back to pre-Covid levels
- Use of analytics for collection prioritization (hard bucket collection as priority)
- Collection efficiency has improved to 86% in Sep’20

Micro Loans

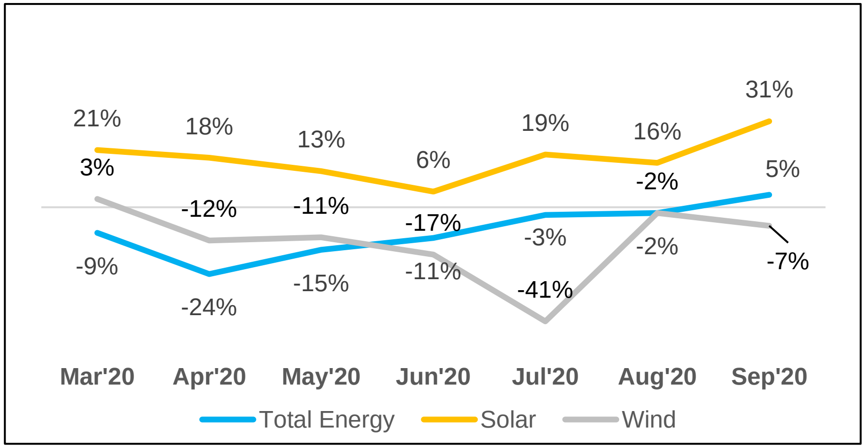
- Substantial improvement in collection efficiency post moratorium; at ~90% in Sep’20
- 37% customers who have not paid in Sep’20, have paid in Oct’20
- Strengthening collections structure to handle flow forwards from 0 DPD customers
- Carrying provision of Rs 1,079 Cr (9.2% of standard book); moratorium related risks largely addressed through these additional provisioning

Month-on-month improvement in collection efficiency; built adequate additional provisions to weather any future contingencies

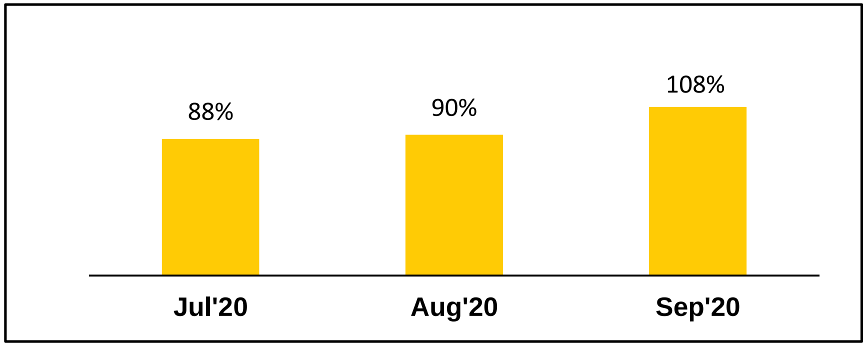
2.2.2 Continued steady performance

Infrastructure

Industry avg. Daily Power Generation (YoY % change)



LTFS portfolio Toll Collections (% level YoY)



Renewables

- Under a special liquidity window, more than Rs. 24K Cr has been disbursed to Discoms out of over Rs. 70K Cr sanctioned, which has improved the cashflows for these entities
- Central projects are being paid on time and most of the Discoms have also remitted payments
- Temporary impact on wind generation in Jun / Jul – for LTFS portfolio, sufficient cushions are available in the form of DSRA and working capital lines

Road

- Annuity projects are receiving timely payments from NHAI
- Toll project collections have surpassed YoY
- NHAI has granted a relief to the operational toll projects in the form of extension in concession period till the time collections achieve 90% of the average daily fee

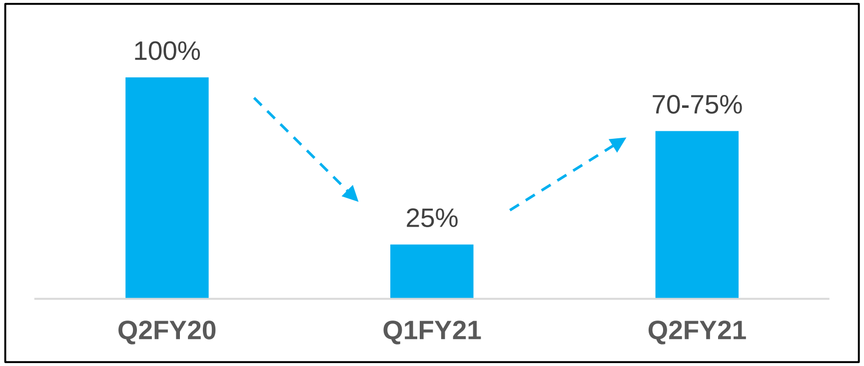
Transmission: Operating Projects are operating at full capacity and there is no impact on revenue generation and collection

Source: POSOCO

2.2.3 Resumed construction activity leading to collection pickup

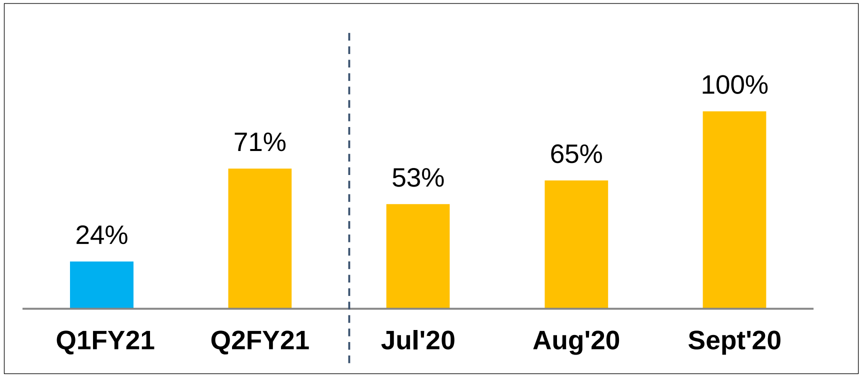
Housing

LTFS Real Estate portfolio sales (as % of Q2FY20)



- Focus on Cat A developers, resumed construction activity, Govt. measures and attractive schemes given by developers, has helped our funded projects rebound faster than the industry
- Buyer preference continued to be towards projects by reputed developers and/or with visible construction progress
- Based on various research reports, industry sales are down 45-50% in Q2FY21 vs Q2FY20

LTFS Real Estate escrow collections (YoY achievement)



- Continued support to developers in construction progress, facilitated improvement in escrow collections to 71% of Q2FY20 level (100% in Sep'20 vs Sep'19)
- Total labour deployed at our funded sites is exceeding pre-COVID levels
- Received Principal Repayment / Pre-payment (in addition to regular interest) in Q2FY21 from ~75% of cases in moratorium

Focus on construction progress has led to higher collections and sales as economy opens up

L&T Financial Services

3 Strengthened Balance Sheet

Additional Provisions on Non GS3

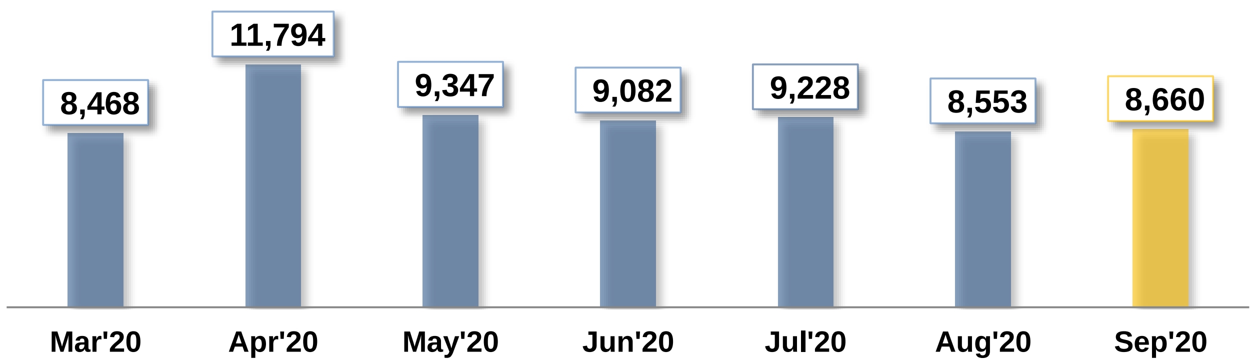
Particulars (Rs. Cr)	Total Lending Business
Loan book size (excluding GS3 book) - (1)	89,907
Provision on stage 1 and stage 2 assets as per ECL model - (2)	**405**
Additional provisions - (3+4+5=6)	**1,757**
Macro Prudential provisions - (3)	1,100
Covid-19 Provisions @10% on 1-90 DPD book with moratorium - (4)	483
Enhanced ECL provisions on stage 1 & 2 assets basis higher LGD assumptions – (5)	174
Additional provisions as % of book – (6/1)	**1.95%**
Total additional provisions on book (over and above GS3 provisions) – (2+6=7)	**2,162**
Total provisions as % of book (over and above GS3 provisions) - (7/1)	**2.41%**

Micro Loan book – Carrying additional provisions of Rs. 1,079 Cr (9.2% of standard Micro Loans book)

Housing Finance book – Carrying additional provisions of Rs. 518 Cr (1.94% of standard Housing Finance book)

As a prudent measure, created additional provisions of Rs. 512 Cr in Q2FY21 to strengthen balance sheet, even though there is strong on-ground recovery

4.1 Easing of liquidity leading to lower liquid assets …

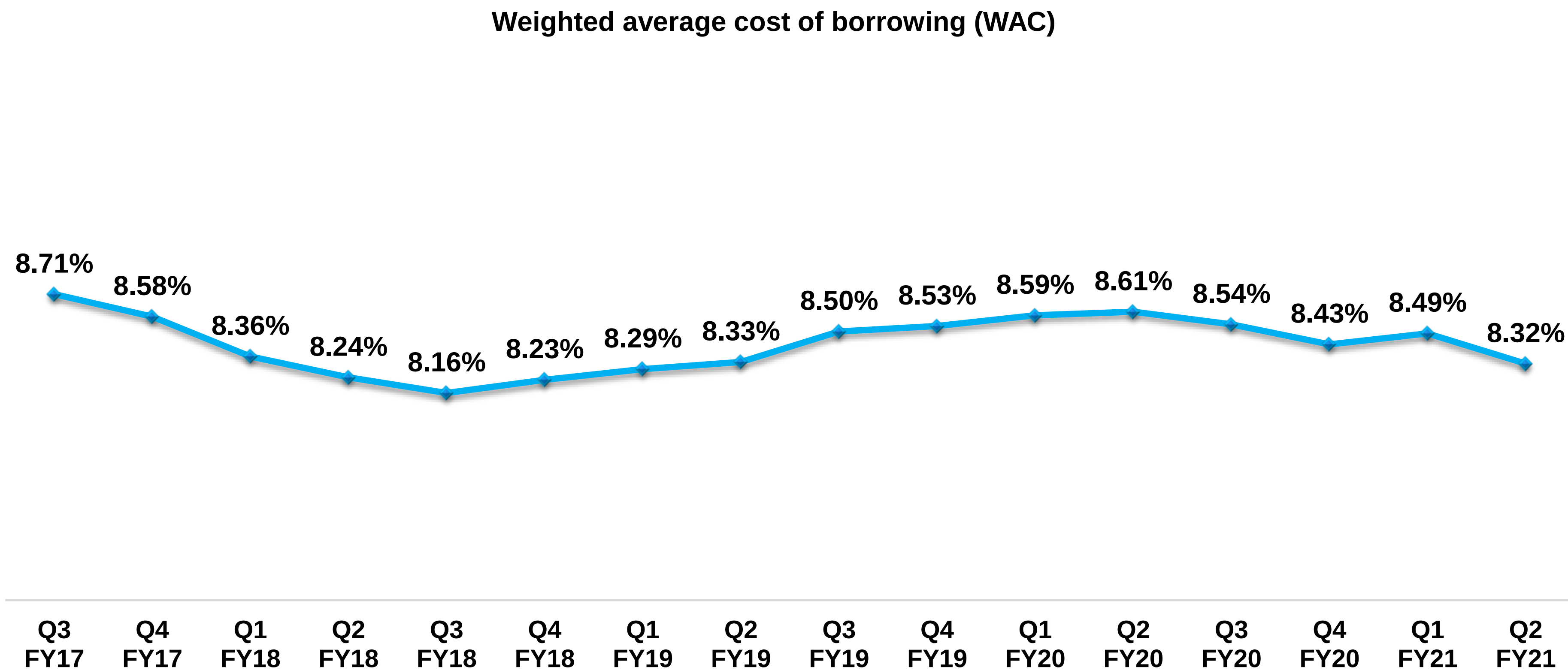


- As of September’20, Rs. 17,449 Cr of liquidity is maintained through the following:
  - Liquid Assets in form of cash, FDs and other liquid investments of Rs. 8,660 Cr; comfortably placed till Dec’20
  - Undrawn bank lines of Rs. 6,789 Cr and back up line from L&T of Rs. 2,000 Cr
- Rating Agencies have analysed LTFS cash flow / liquidity position in the light of Covid19, and they have considered the liquidity position of LTFS as comfortable to meet all debt obligations over the next few months
- Maintained additional average quarterly liquid assets of ~ Rs. 4,700 Cr in Q2FY21 which had a negative carry of Rs. 64 Cr (as compared to Rs. 84 Cr in Q1FY21)

AAA rated NBFCs like LTFH have seen easing of liquidity and our focus now would be to reduce excess liquidity and bring down the cost of borrowing further

L&T Financial Services

4.2 … as well as reduction in cost on borrowings



Reduction in WAC as liquidity has normalized for AAA NBFCs with strong parentage – reduction achieved despite diversification, reduction in CP and increase in long-term borrowings

Agenda

A Q2 in perspective

B Financial Update

Financial Performance

Q2FY21 vs Q2FY20

Focused Book

Rs. 94,172 Cr

1%

Rs. 93,055 Cr

Overall Book

Rs. 1,00,258 Cr

1%

Rs. 98,823 Cr

AAuM[1]

Rs. 69,213 Cr

9%

Rs. 63,057 Cr

Q2FY20 | Q2FY21

Steady growth in focused businesses

[1] *Investment Management – AAuM (quarterly average)*

L&T Financial Services

Focused book growth

Lending Businesses

Rural Finance

Housing Finance

Infrastructure Finance

Non Lending Businesses

Investment Management

Q2FY20 → Q2FY21

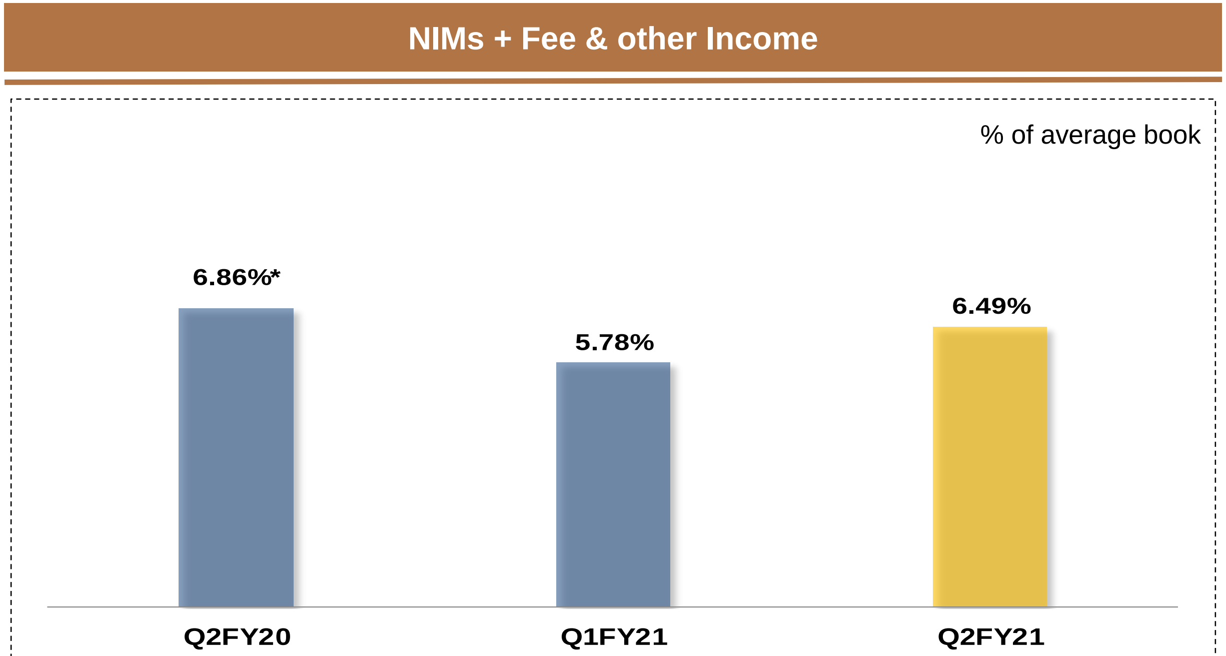
	Rural Finance	Housing Finance	Infrastructure Finance
Book	↑ *7%*	↑ *1%*	↓ *2%*
Disbursements	↓ *22%*	↓ *70%*	↓ *6%*

	Investment Management
AAuM[1]	↓ *9%*

[1] *Investment Management – AAuM (quarterly average)*

L&T Financial Services

NIMs + Fee & other income

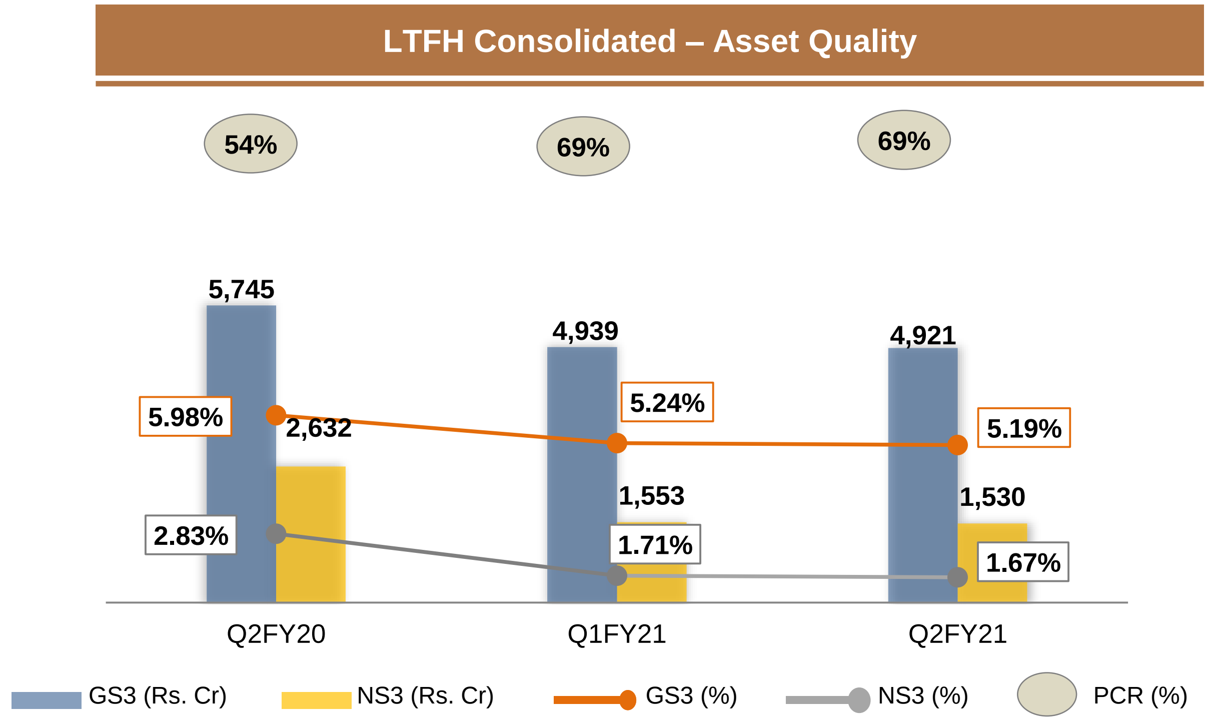


- Increase in Fee Income by Rs. 119 Cr QoQ on strong revival in Rural and Infra disbursements and enhanced cross selling of products
- NIMs+Fees impacted by Rs. 64 Cr of negative carry on account of maintaining additional liquid assets of ~Rs. 4,700 Cr in Q2FY21
- With easing of liquidity, focus is towards reduction in excess liquidity as well as cost of borrowing

With normalcy returning, NIMs+Fees have reached the desired range of 6.5%-7% despite carrying additional liquidity

** Normalising for one-time impact. Actuals without normalization: 7.33%*

Asset Quality



In addition to above; Macro Prudential provisions, Covid-19 and enhanced provision for stage 1&2 assets at Rs. 1,757 Cr (1.95%)

Focus on strengthening balance sheet by creating additional provisions of 1.95% on standard book, to prepare for any uncertainty

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

L&T Financial Services

Credit cost

Credit Cost (Rs. Cr)	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21
Credit Cost on focused business	260	414	445	349	228	322
Credit Cost on defocused business	310	210	160	89	88*	-13
Additional Provisions: Macro Prudential and Covid-19	25	-	-	209	577	446
Additional Provisions: Enhanced ECL on stage 1&2 assets	-	-	-	105	3	66
Total Credit Cost	**595**	**624**	**605**	**752**	**896**	**821**
Credit Cost on focused business (%)	1.16%	1.81%	1.88%	1.48%	0.98%	1.35%
Provision Coverage Ratio (PCR %)	58%	54%	57%	59%	69%	69%

- Created additional provisions of Rs. 512 Cr on account of:
  - Macro prudential and Covid provisions of Rs. 446 Cr (Rs. 400 Cr in Rural and Rs. 46 Cr in Housing)
  - Enhanced ECL on stage 1 & 2 assets of Rs. 66 Cr

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

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

LTFH Consolidated – Capital allocation and RoE bridge: Q2FY21

Q2 FY20			Business Segments (₹ Cr)	Q2 FY21			PAT Y-o-Y (%)
PAT	Net worth	RoE		PAT	Net Worth	RoE	
309	4,245	30.25%	Rural Finance	61	4,567	5.20%	(80%)
244	4,118	24.49%	Housing Finance	108	4,400	9.89%	(56%)
158	3,969	16.21%	Infrastructure Finance (ex IDF)	44	5,127	3.47%	(72%)
37	1,173	12.91%	IDF	42	1,348	12.56%	12%
749	**13,505**	**22.80%**	**Lending Business**	**255**	**15,442**	**6.58%**	(66%)
61	1,080	-	Investment Management	54	1,157	-	(12%)
810	**14,585**	**22.84%**	**Focused Business Total**	**309**	**16,599**	**7.42%**	(62%)
(121)	1,229	-	De-focused	15	826	-	-
(42)	(1360)	-	Others	(36)	(2,247)	-	-
647	**14,454**	**18.13%**	**LTFH Consol before exceptional items**	**288**	**15,178**	**7.58%**	(55%)
(473)	(473)	-	Less : Exceptional items	(23)	(23)	-	-
174	**13,981**	**-**	**LTFH Consol**	**265**	**15,155**	**6.97%**	52%

L&T Financial Services

Conclusion

Easing of Liquidity

Easing of liquidity for NBFCs with AAA rating and strong parentage: LTFH to focus on reducing excess liquidity and bring down the cost of borrowing further

- Maintained higher liquid assets of ~Rs. 4,700 Cr in Q2FY21, leading to negative carry of Rs. 64 Cr in Q2FY21 (vs Rs. 84 Cr in Q1FY21). Expected to come down further as excess liquidity is reduced
- Reduction in WAC by 17 bps QoQ

Resilient Balance Sheet

Resilient balance sheet through enhanced collection efficiency and additional provisions

- Demonstrated strong revival in collections volumes across businesses (especially in Rural and Infra)
- Continuous improvement in asset quality with reduction in GS3 (5.98% to 5.19%) and NS3 (2.83% to 1.67%) YoY. PCR improved from 54% to 69% YoY
- Created additional provisions of Rs. 512 Cr in Q2FY21. With this, additional provisions stands at Rs.1,757 Cr (1.95%) on standard book
  - ✓ Out of this, Rs. 1,079 Cr (9.2% of standard ML book) of provisions are towards Micro Loan book; moratorium related risks largely addressed through these additional provisioning
  - ✓ Additional provisions of Rs. 518 Cr (1.94% of standard book) are towards Housing book

Progressive Business Pickup

Faster than expected recovery in Rural and Infra; well poised to gain from the same

- Strong pickup in Rural and Renewables disbursements, leading to increase in Fee income by Rs. 119 Cr QoQ
- Gained / maintained market leadership position across businesses:
  - ✓ Gained market share to become No. 1 Farm financier for Q2FY21; No. 3 in TW during Aug and Sep'20
  - ✓ Maintained leadership position in Infra; achieved highest quarterly sell down of Rs. 4,073 Cr in Q2FY21
- Rural and Infra business to drive growth; focused on gaining market share in upcoming festive season

Appendix

L&T Financial Services

What worked for LTFH

ASSURANCE

Prudent ALM and well established liability franchise

Highest Credit Rating

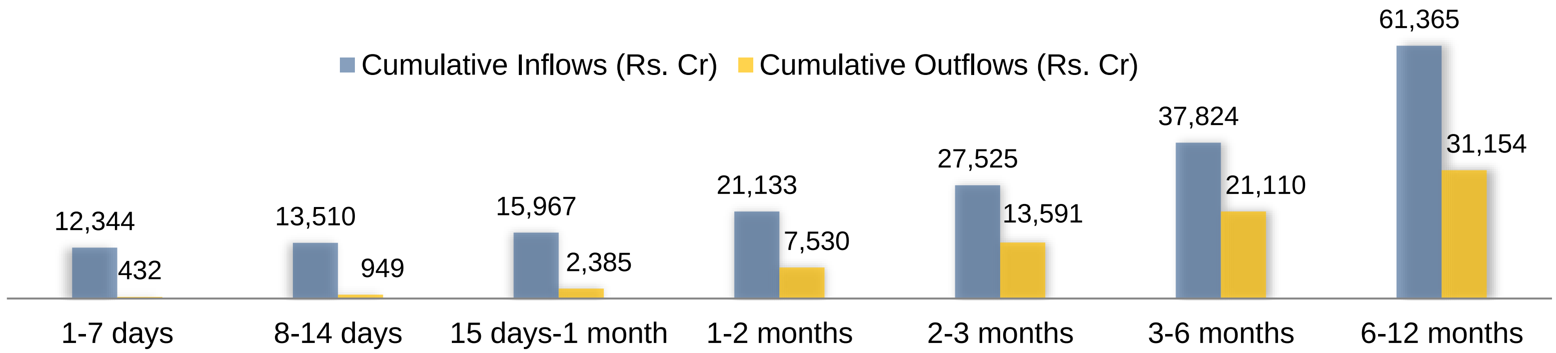
Strengthened risk profile

Building Business Strength

1.1 Prudent ALM

As on 30th September, 2020

Structural Liquidity statement



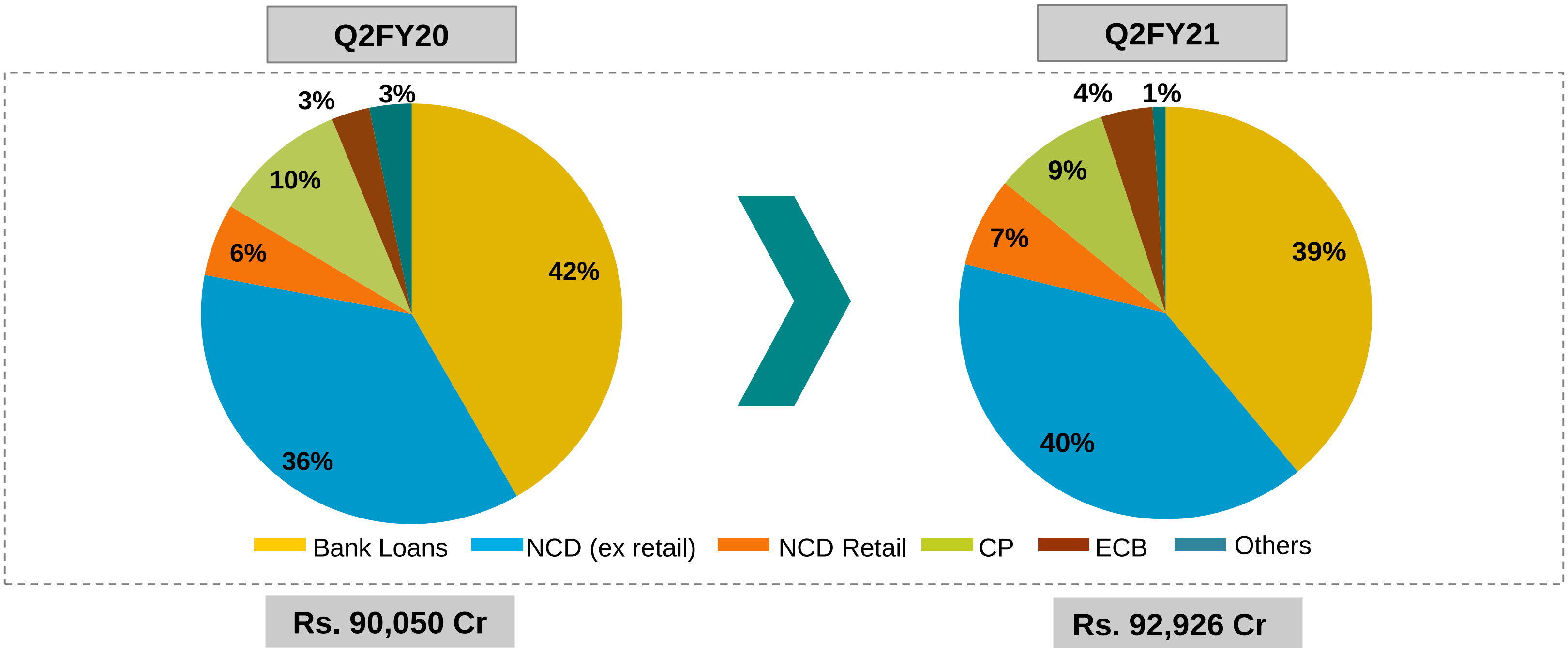
	1-7 days	8-14 days	15 days-1 month	1-2 months	2-3 months	3-6 months	6-12 months
Cumulative Positive Gap	**11,913**	**12,561**	**13,582**	**13,603**	**13,934**	**16,714**	**30,210**
Cumulative (%)	**2759%**	**1323%**	**570%**	**181%**	**103%**	**79%**	**97%**

Interest Rate sensitivity statement

1 year Gap	Rs. Cr
Re-priceable assets	69,597
Re-priceable liabilities	50,466
Positive	**19,131**

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

1.2 Well established liability franchise (1/2)

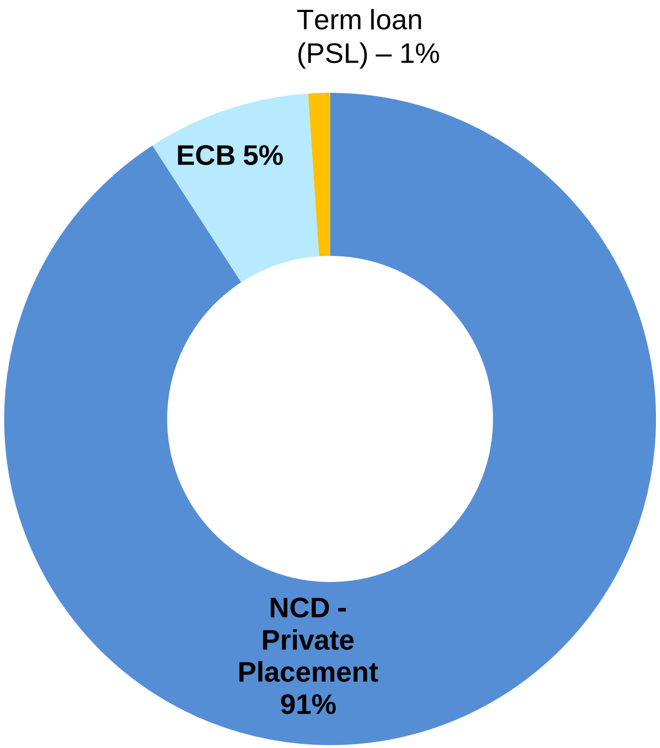


- Focus on diversification over the years enabled stable mix of funding sources
- Focus on long term borrowings has led to increase in share of Bank Loans & NCDs from 84% to 86%
  - Drawn down 1st tranche in Jul'20 of USD 50 million of the total USD 100 million ECB from AIIB; which is AIIB's first loan to a NBFC in India

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

*Others include Preference shares, ICDs etc.

1.2 Well established liability franchise (2/2)



Rs. 4,660 Cr

Incremental Long Term Borrowing (Rs. Cr)

Products	Q2FY21
NCD – Private Placement	4,232
ECB	378
Term Loans – PSL*	50
Total	**4,660**

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

** PSL- Priority sector on-lending by banks to NBFCs.*

2. AAA Credit Rating for LTFH and all its subsidiaries

Credit Ratings – LTFH and its subsidiaries	
Ratings Update	• LTFH and all its lending subsidiaries have been reaffirmed AAA rating from CRISIL, ICRA, CARE and India Ratings: ➢ CRISIL assigned in October 2019 and reaffirmed in May 2020 ➢ India Ratings reaffirmed in April 2020 ➢ ICRA reaffirmed in September 2020 ➢ CARE reaffirmed in October 2020

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 comfortable 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 with focus on Balance sheet strengthening

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 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 Salaried home loan segment; Additional checks on sector & employment continuity
- Leverage key relationships with CF & APF developers for direct sourcing
- Continue cautious approach on self-employed segment. LAP sourcing restricted to government backed ECLGS scheme

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

3.2 Strengthened risk profile: Project Finance

Infrastructure and Real Estate

Actions taken to ensure quality portfolio

Real Estate

- Focus on funding for project completion and extremely selective fresh disbursements
- In residential space, focus largely continues to be towards mid and affordable projects which are less cyclical
- Financed adequately to ensure project completion with minimum dependency on fresh sales; 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

4.1 Building and protecting strength

Rural

	Industry	LTFH
Farm	• Industry sales grew 41% in Q2FY21 YoY • Increase in MSPs along with good monsoons and adequate water storage position leading to increase in tractor demand • Manufacturers are ramping up production to cater to the strong rural demand	• Disbursement growth of 59% and book grew by 19%. Secured No.1 Farm Equipment financier position for Q2FY21 • Focusing on new tractor business and simultaneously increasing refinance/used proportion • Increase in preferred OEM mix which contributed to 70% of the total disbursement in Q2FY21
TW	• Industry sales remained flat in Q2FY21 YoY with Motorcycle sales showing uptick; showcasing Rural growth • Need for personal mobility over shared will lead to gradual recovery. Dealer stock beefed up ahead of the festive season • Higher price points of TWs will augment TW financing penetration	• Disbursements remained flat while book grew 12%. Amongst top 3 financiers in August and September • Selective sourcing through strict credit policies (LTV reduced to 68%) while maintaining superior service & TAT proposition • Emphasis on increasing higher credit score and cash rich SKL customers
Micro Loans	• Industry growth impacted due to lockdowns and floods in some states; expected to pick up in H2 post festive season • NABARD to offer refinance support to smaller NBFC-MFI's to help them with their cash flow mismatches • Festive season would stimulate seasonal occupation (like pottery, idol making, etc.)	• Disbursements de-grew 52% YoY (-27% in Sep'20 vs Sep'19); book de-grew by 5% YoY • Top up loan for the existing good customers • Disbursements to new customers initiated only in select mature markets of Punjab & Haryana

With leadership position across products and superior service proposition through TAT, we have been able to increase market share with chosen top dealers and OEMs

L&T Financial Services

4.2 Building and protecting strength

Infrastructure

Infrastructure Finance

Industry	LTFH
• Traction seen in the special liquidity package announced for Discoms, positively impacting the IPP players: ✓ Loans over Rs. 70K Cr already sanctioned and over Rs. 24K Cr disbursed to various Discoms • ~3 GW Bid by SECI/NTPC/GUVNL in Q2FY21 pertaining to Solar and Wind auction held with lowest tariff of Rs. 2.99/kwh in Wind and Rs. 2.43/kwh in Solar • NHAI has awarded projects for building 1,330 km worth ~Rs. 47,289 Cr in H1FY21 ✓ Out of 40 projects, 16 projects were awarded on HAM mode and remaining 24 under EPC model ✓ Projects awarded in H1FY21 is ~ 1.6 times higher than FY 20 • NHAI has invited bids for TOT 5 for a stretch around 160 km without a base price and the bidding window is expected to remain open till end of December 2020	• Continue to focus on our core sectors – roads, renewable and transmission • Focus on central off-takers like SECI and selective state bids, which are better structured in terms of payment cycle and grid availability • LTFS exposure in renewable sector largely protected by DSRA and working capital lines to take care of delay in payments from Discoms • Additional norms on renewable disbursements considering changes in contractual structures/supply chain challenges • Lending opportunities in new ~16 HAM projects in FY21 • One HAM project achieved PCOD in August

Market leadership position maintained in identified sectors

4.3 Building and protecting strength

Housing

	Industry	LTFH
Home Loan	• Overall core housing credit growth is expected to remain moderate in FY21 (vs 3-year CAGR of 16%) • Home buying enquiries picked up from June with genuine homebuyers looking for attractive schemes and discounts. • Balance transfer proposals constituted a major share of disbursals done by banks & leading HFCs on account of low rates prevalent in the market	• Home Loan disbursements resumed to 50% YoY (57% in Sep'20 vs Sep'19); book growth of 11% • Salaried home loans have reached 88% in Sep'20 vs Sep'19 • 87% of home loans disbursement are towards salaried segment. Self employed home loan fresh disbursements restricted to CF projects only
LAP	• Tight liquidity position and slow business activity continued to impact the SME sector • Most affected segment on account of Covid impact	• LAP disbursements were limited to top-up loan to existing customers through Govt. backed ECLGS scheme • LAP fresh disbursements continued to be on hold on account of prevailing market uncertainty in the MSME segment
Real Estate	• With current focus on unlocking the economic activities, construction has progressed in most real estate projects • Top developers across major cities have been driving sales with various schemes and incentives • This has led to further acceleration of ongoing consolidation in the market	• 100% of disbursements were towards existing projects leading to sales reaching 70-75% level YoY • Ensuring pick-up of construction activity has led to strong rebound in escrow collections to 71% of Q2FY20 level • Total labour deployed at our funded sites is exceeding pre-Covid levels

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

4.4 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, 5 out of 10 Equity schemes (78% of equity AUM) are in top 1 & 2 quartile. On 6 month performance, 8 out of 10 Equity schemes are in top 2 quartile
  - Fixed Income portfolio reasonably insulated in the current market as 96% of the fixed Income AUM (non credit risk fund) is in high quality funds with investments in highest rated securities of GOI / A1+ / AAA / Cash and cash equivalents

Operational Efficiency

- Creation of long term stable customer base has contributed to higher AUM growth
  - Higher proportion of individual customer's share in AUM – 66% (industry average - 52%)
  - Increase in investor base from 9.1 lakh to 28 lakh+ live folios since FY16
- Well diversified distribution channel mix: Banks (19%), National Distributors (39%) and IFAs (41%)

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 56% 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 7% QoQ (Rs. 33,295 in Q1FY21 vs. Rs. 35,635 in Q2FY21)

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

Financial Update

LTFH Consolidated – Summary financial performance

Performance Summary

Q2FY20	Summary P&L (Rs. Cr)	Q1FY21	Q2FY21	Y-o-Y (%)
3,254	Interest Income	3,212	3,206	(1%)
1,891	Interest Expense	1,977	1,894	0%
1,362	NIM	1,235	1,311	(4%)
470	Fee & Other Income	190	309	(34%)
1,833	NIM + Fee & other income	1,426	1,620	(12%)
448	Operating Expense	418	453	1%
1,384	Earnings before credit cost	1,007	1,167	(16%)
624	Credit Cost (excl. Covid-19 & Macro Prudential)	318	375	(40%)
-	Credit Cost (for Covid-19 & Macro Prudential)	577	446	-
647	**PAT before exceptional items**	**148**	**288**	**(55%)**
473	Exceptional items (DTA and Others)	-	23	-
174	**PAT**	**148**	**265**	**52%**

Q2FY20	Particulars (Rs. Cr)	Q1FY21	Q2FY21	Y-o-Y(%)
1,00,258	Book	98,879	98,823	(1%)
13,981	Networth	14,881	15,155	8%
70	Book Value per share (Rs.)	74	76	8%

L&T Financial Services

LTFH Consolidated – Key ratios

Key Ratios

Q2FY20	Key Ratios	Q1FY21	Q2FY21
13.01%	Yield	13.03%	12.84%
5.45%	Net Interest Margin	5.01%	5.25%
1.88%	Fee & Other Income	0.77%	1.24%
7.33%*	NIM + Fee & other income	5.78%	6.49%
1.79%	Operating Expenses	1.70%	1.81%
5.53%	Earnings before credit cost	4.09%	4.67%
2.49%	Credit Cost (excl. Covid-19 & Macro Prudential)	1.29%	1.50%
-	Credit Cost (for Covid-19 & Macro Prudential)	2.34%	1.79%
2.44%	Return on Assets	0.53%	1.04%
6.15	Debt / Equity	5.70	5.57
18.13%	**Return on Equity**	**3.94%**	**7.58%**

Particulars	Tier I	Tier II	CRAR
Consolidated CRAR ratio	17.29%	4.08%	21.37%

** Excluding one time impact, NIM + Fee and other income will be 6.86%*

L&T Financial Services

Lending Business – Business wise disbursement split

Disbursement				
Q2FY20	**Segments (Rs. Cr)**	**Q1FY21**	**Q2FY21**	**Y-o-Y (%)**
686	Farm Equipment	590	1,089	59%
1,113	TW Finance	310	1,102	(1%)
2,839	Micro Loans	7	1,354	(52%)
-	Consumer Loans	6	62	-
4,638	**Rural Finance**	**913**	**3,607**	**(22%)**
652	Home Loans	66	323	(50%)
142	LAP	2	113	(20%)
1,238	Real Estate Finance	248	178	(86%)
2,032	**Housing Finance**	**317**	**614**	**(70%)**
2,436	Infrastructure Finance	648	2,908	19%
672	Infra Debt Fund (IDF)	441	-	-
3,108	**Infrastructure Finance**	**1,089**	**2,908**	**(6%)**
9,779	**Focused Business**	**2,318**	**7,129**	**(27%)**
-	De-focused	-	-	-
9,779	**Total Disbursement**	**2,318**	**7,129**	**(27%)**

Lending Business – Business wise book split

Book				
Q2FY20	**Segments (Rs. Cr)**	**Q1FY21**	**Q2FY21**	**Y-o-Y (%)**
7,747	Farm Equipment	8,403	9,191	19%
6,009	TW Finance	6,386	6,708	12%
12,841	Micro Loans	12,531	12,262	(5%)
-	Consumer Loans	155	210	-
26,597	**Rural Finance**	**27,476**	**28,371**	**7%**
7,024	Home Loans	7,830	7,824	11%
4,076	LAP	3,908	3,911	(4%)
15,885	Real Estate Finance	15,216	15,506	(2%)
26,986	**Housing Finance**	**26,954**	**27,241**	**1%**
30,660	Infrastructure Finance	30,131	29,715	(3%)
8,812	Infra Debt Fund (IDF)	9,146	8,846	0%
39,472	**Infrastructure Finance**	**39,276**	**38,560**	**(2%)**
93,055	**Focused Business**	**93,706**	**94,172**	**1%**
7,203	De-focused	5,173	4,651	(35%)
1,00,258	**Total Book**	**98,879**	**98,823**	**(1%)**

L&T Financial Services

Rural Finance – Summary financial performance

Performance Summary

Q2FY20	Summary P&L (Rs. Cr)	Q1FY21	Q2FY21	Y-o-Y (%)
1,240	Interest Income	1,307	1,291	4%
485	Interest Expense	509	484	-
756	NIM	798	807	7%
118	Fee & Other Income	32	118	-
873	NIM + Fee & other income	829	926	6%
263	Operating Expense	262	294	12%
610	Earnings before credit cost	568	631	3%
251	Credit Cost (excl. Covid-19 & Macro Prudential)	60	165	(34%)
-	Credit Cost (for Covid-19 & Macro Prudential)	374	400	-
309	**PAT**	**114**	**61**	**(80%)**

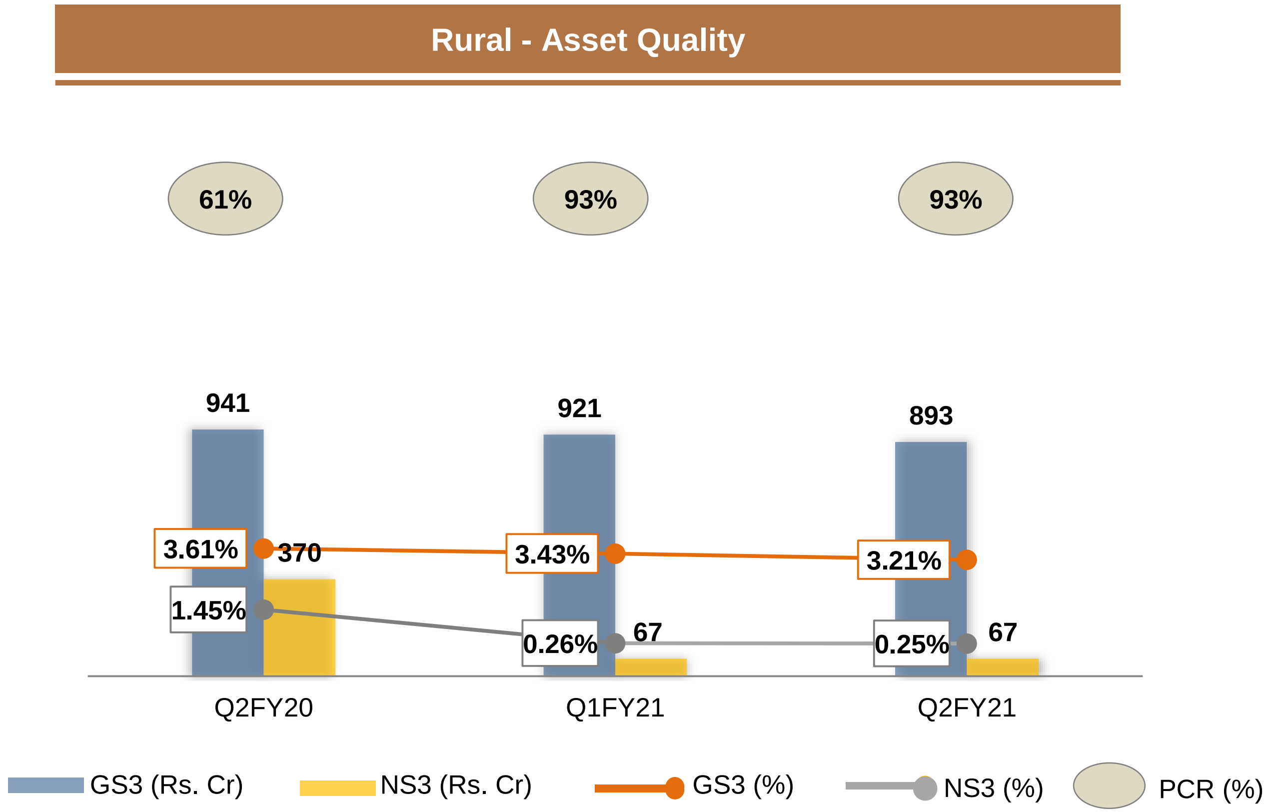
Q2FY20	Particulars (Rs. Cr)	Q1FY21	Q2FY21	Y-o-Y(%)
26,597	Book	27,476	28,371	7%
4,245	Networth	4,516	4,567	8%

Rural Finance – Key ratios

Key Ratios

Q2FY20	Key Ratios	Q1FY21	Q2FY21
18.92%	Yield	18.83%	18.67%
11.47%	Net Interest Margin	11.53%	11.57%
1.79%	Fee & Other Income	0.46%	1.70%
13.25%	NIM + Fee & other income	11.98%	13.27%
3.99%	Operating Expenses	3.78%	4.22%
9.26%	Earnings before credit cost	8.20%	9.05%
3.81%	Credit Cost (excl. Covid-19 & Macro Prudential)	0.87%	2.37%
-	Credit Cost (for Covid-19 & Macro Prudential)	5.41%	5.74%
4.62%	Return on Assets	1.52%	0.83%
5.14	Debt / Equity	4.84	4.82
30.25%	**Return on Equity**	**9.91%**	**5.20%**

Rural Finance - Asset quality



In addition to above; Macro Prudential provisions, Covid-19 and enhanced provision for stage 1&2 assets at Rs. 1,203 Cr (4.47% of standard book)

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

Housing Finance – Summary financial performance

Performance Summary

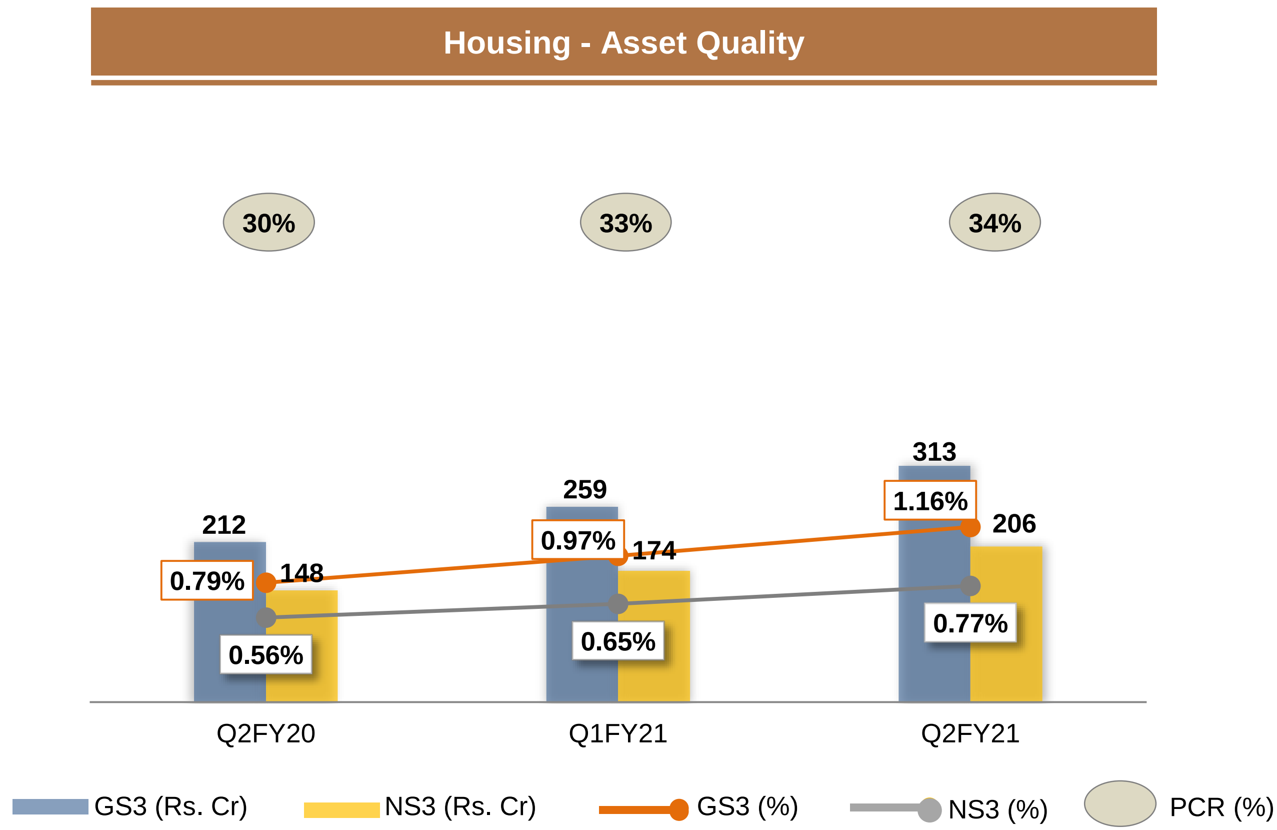
Q2FY20	Summary P&L (Rs. Cr)	Q1FY21	Q2FY21	Y-o-Y (%)
844	Interest Income	825	836	(1%)
502	Interest Expense	558	536	7%
341	NIM	267	300	(12%)
53	Fee & Other Income	36	38	(29%)
394	NIM + Fee & other income	302	338	(14%)
74	Operating Expense	80	78	5%
320	Earnings before credit cost	223	260	(19%)
42	Credit Cost (excl. Covid-19 & Macro Prudential)	25	84	103%
-	Credit Cost (for Covid-19 & Macro Prudential)	185	46	-
244	**PAT**	**23**	**108**	**(56%)**

Q2FY20	Particulars (Rs. Cr)	Q1FY21	Q2FY21	Y-o-Y(%)
26,986	Book	26,954	27,241	1%
4,118	Networth	4,301	4,400	7%

Housing Finance – Key ratios

Key Ratios			
Q2FY20	Key Ratios	Q1FY21	Q2FY21
12.64%	Yield	12.32%	12.24%
5.11%	Net Interest Margin	3.99%	4.40%
0.80%	Fee & Other Income	0.53%	0.55%
5.91%	NIM + Fee & other income	4.52%	4.95%
1.11%	Operating Expenses	1.19%	1.14%
4.80%	Earnings before credit cost	3.33%	3.80%
0.62%	Credit Cost (excl. Covid-19 & Macro Prudential)	0.38%	1.24%
-	Credit Cost (for Covid-19 & Macro Prudential)	2.76%	0.68%
3.43%	Return on Assets	0.29%	1.38%
5.71	Debt / Equity	5.68	5.56
24.49%	**Return on Equity**	**2.12%**	**9.89%**

Housing Finance - Asset quality



In addition to above; Macro Prudential provisions, Covid-19 and enhanced provision for stage 1&2 assets at Rs. 518 Cr (1.94% of standard book)

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

Infrastructure Finance (ex IDF) – Summary financial performance

Performance Summary

Q2FY20	Summary P&L (Rs. Cr)	Q1FY21	Q2FY21	Y-o-Y (%)
789	Interest Income	752	757	(4%)
557	Interest Expense	598	581	4%
232	NIM	154	177	(24%)
89	Fee & Other Income	32	49	(45%)
320	NIM + Fee & other income	186	225	(30%)
44	Operating Expense	40	37	(17%)
276	Earnings before credit cost	146	188	(32%)
119	Credit Cost (excl. Covid-19 & Macro Prudential)	143	125	5%
-	Credit Cost (for Covid-19 & Macro Prudential)	17	-	-
158	**PAT**	**18**	**44**	**(72%)**

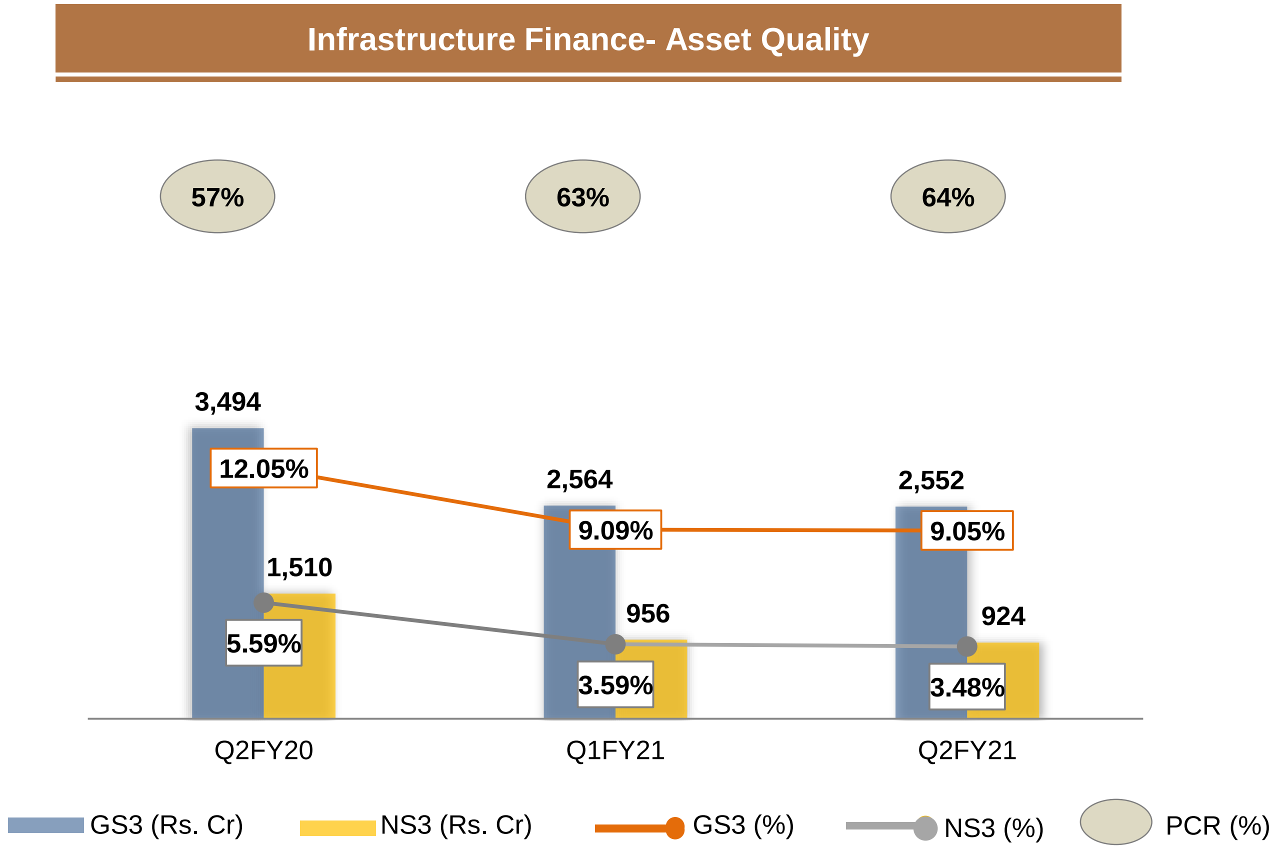
Q2FY20	Particulars (Rs. Cr)	Q1FY21	Q2FY21	Y-o-Y(%)
30,660	Book	30,131	29,715	(3%)
3,969	Networth	5,087	5,127	29%

Infrastructure Finance (ex IDF) – Key ratios

Key Ratios

Q2FY20	Key Ratios	Q1FY21	Q2FY21
10.54%	Yield	10.02%	9.94%
3.09%	Net Interest Margin	2.06%	2.32%
1.18%	Fee & Other Income	0.42%	0.64%
4.28%	NIM + Fee & other income	2.48%	2.96%
0.59%	Operating Expenses	0.54%	0.49%
3.69%	Earnings before credit cost	1.94%	2.47%
1.59%	Credit Cost (excl. Covid-19 & Macro Prudential)	1.91%	1.64%
-	Credit Cost (for Covid-19 & Macro Prudential)	0.23%	-
2.05%	Return on Assets	0.22%	0.53%
6.59	Debt / Equity	5.05	4.81
16.21%	**Return on Equity**	**1.39%**	**3.47%**

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

IDF – Summary financial performance

Performance Summary

Q2FY20	Summary P&L (Rs. Cr)	Q1FY21	Q2FY21	Y-o-Y (%)
201	Interest Income	213	217	8%
156	Interest Expense	175	178	14%
45	NIM	38	39	(13%)
4	Fee & Other Income	12	11	202%
48	NIM + Fee & other income	50	50	3%
9	Operating Expense	9	9	-
39	Earnings before credit cost	41	40	3%
2	Credit Cost	1	(1)	(153%)
37	**PAT**	**40**	**42**	**12%**

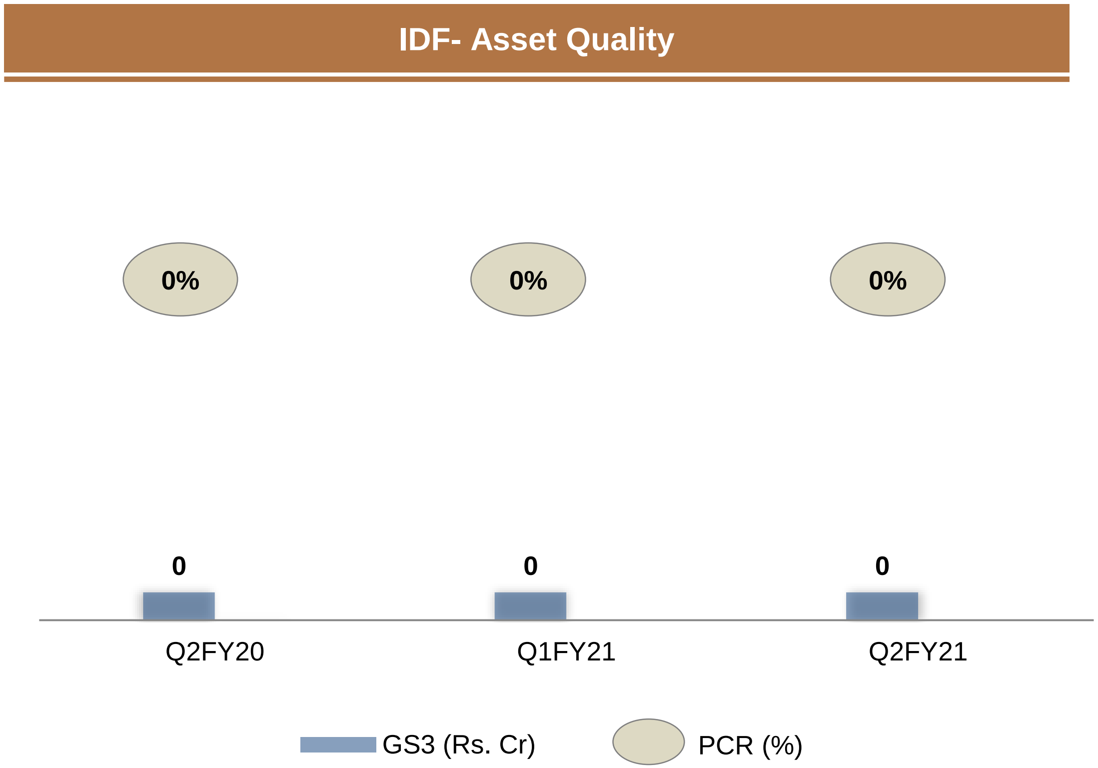
Q2FY20	Particulars (Rs. Cr)	Q1FY21	Q2FY21	Y-o-Y(%)
8,812	Book	9,146	8,846	-
1,173	Networth	1,307	1,348	15%

L&T Financial Services

IDF – Key ratios

Key Ratios			
Q2FY20	Key Ratios	Q1FY21	Q2FY21
9.48%	Yield	9.53%	9.49%
2.10%	Net Interest Margin	1.71%	1.70%
0.17%	Fee & Other Income	0.53%	0.47%
2.27%	NIM + Fee & other income	2.23%	2.17%
0.41%	Operating Expenses	0.38%	0.40%
1.86%	Earnings before credit cost	1.85%	1.77%
0.10%	Credit Cost	0.06%	(0.05%)
1.69%	Return on Assets	1.63%	1.65%
6.55	Debt / Equity	6.01	5.44
12.91%	**Return on Equity**	12.46%	12.56%

IDF - Asset quality



Nil GS3 since Inception

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

Infrastructure Finance – Portfolio wise split

DISBURSEMENT

Sectors (Rs. Cr)	Q2FY20	Q1FY21	Q2FY21	Y-o-Y (%)
Renewable Power	1,534	994	2,421	58%
Roads	284	64	144	(49%)
Power Transmission	973	10	125	(87%)
Others[1]	317	22	219	(31%)
Total	**3,108**	**1,089**	**2,908**	**(6%)**

LOAN BOOK

Sectors (Rs. Cr)	Q2FY20	Q2FY20 (% of Total)	Q1FY21	Q1FY21 (% of Total)	Q2FY21	Q2FY21 (% of Total)	Y-o-Y (%)
Renewable Power	20,759	53%	21,435	55%	21,401	55%	3%
Roads	9,368	24%	9,518	24%	9,431	24%	1%
Power Transmission	2,622	6%	2,264	6%	1,600	4%	(39%)
Others[2]	6,723	17%	6,060	15%	6,129	16%	(9%)
Total	**39,472**	**100%**	**39,276**	**100%**	**38,560**	**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)

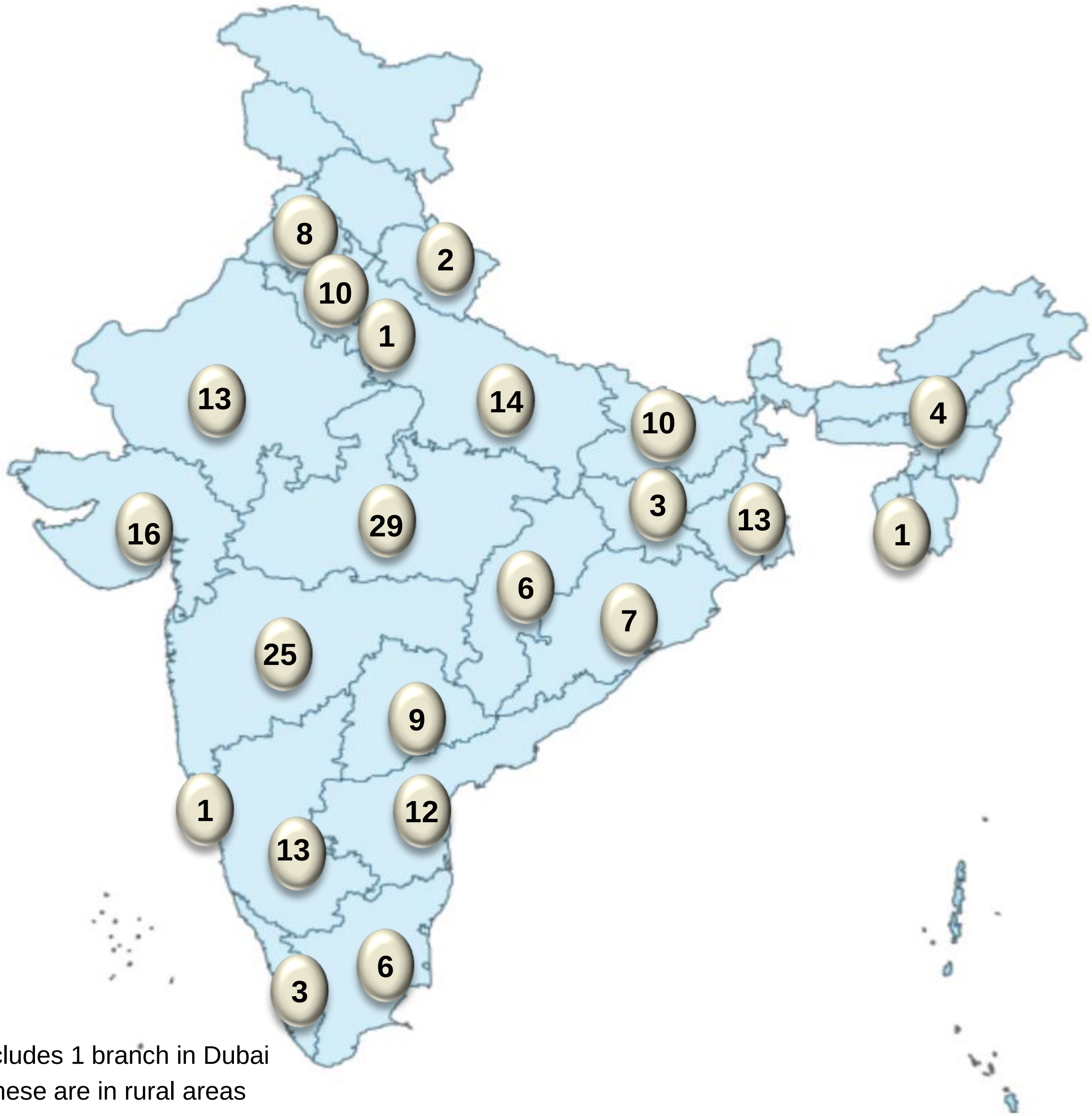
	Quarter ended Sep, 2019		Quarter ended Jun, 2020		Quarter ended Sep, 2020	
Fund Type	**AUM[1]**	**Avg. AUM[2]**	**AUM[1]**	**Avg. AUM[2]**	**AUM[1]**	**Avg. AUM[2]**
Equity (Other than ELSS)	37,159	36,356	30,453	28,279	32,550	32,087
Equity – ELSS	3,283	3,216	2,842	2,624	3,085	3,036
Income	16,731	16,682	16,892	17,237	18,742	17,972
Liquid	8,496	12,829	9,616	10,030	9,193	9,630
Gilt	128	130	253	191	278	332
Total	**65,797**	**69,213**	**60,056**	**58,361**	**63,848**	**63,057**

[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. 3.1 Lakhs	Rs. 4.0 Lakhs	43 months	MP, Karnataka, UP, Bihar, Telangana, Maharashtra, Haryana, AP, WB
Rural	Two Wheeler	Rs. 38k	Rs. 65k	26 months	Kolkata, Pune, Mumbai, Bangalore, Hyderabad, Ahmedabad, Delhi
Rural	Micro Loans (Joint Liability Group)	Rs. 21k	Rs. 34k	24 months	TN, Bihar, Karnataka, West Bengal, Kerala, MP, Orissa
Rural	Consumer Loans	Rs. 1.3 Lakhs	Rs. 1.3 Lakhs	34 months	Maharashtra, Gujarat, WB, Bihar, Karnataka
Housing	Home Loan	Rs. 38 Lakhs	Rs. 48 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 September, 2020

No. of States & Union Territories	**21 & 1**
No. of branches*	**207**
No. of Micro Loans meeting centers**	**1,446**
No. of employees	**22,079**

*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

- 4,256 community members in Madhya Pradesh were provided employment under Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)
- Trained more than 2,48,000 individuals on financial literacy through household visits

Integrated Water Resource Management

- Practical training provided to 1500+ farmers on sustainable agriculture techniques, through 90 Farmer Field School (FFS) for Kharif season
- Reached 20,298 farmers for creating awareness on sustainable agriculture practices, COVID related safety and alerts on weather forecast

COVID-19 Response

- 2,00,000+ food and hygiene kits provided to needy communities especially - Dalit, Adivasi, Elderly, Single mothers, Widow, landless, Below Poverty line families etc.
- Helped 47,260 community members in Madhya Pradesh avail monetary benefits through various government entitlement schemes.

Disaster Relief

- Reached to 20,000 flood affected families with food and hygiene kits across 16 Districts in the State of Bihar
- 12,000 flood affected families were provided with food and hygiene kits across 11 Districts in the State of Assam

L&T Financial Services

Awards & Recognition

IDC DX Awards

DX- CEO
IDC Digital Transformation Awards- India

(October, 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)

Business Standard
Social Excellence
Award 2019

Most Socially Aware Corporate of the Year

(March, 2020)

FICCI

Corporate Social Responsibility Award

Women Empowerment

(March, 2020)

10th India Digital Awards
Digital Sakhi

(February, 2020)

L&T Financial Services

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*

- 30 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

L&T Financial Services

Management Team

Dinanath Dubhashi
Managing Director & CEO
30 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, Bajaj Finserv, ABN Amro, HSBC, ANZ, IDFC Bank, ICICI Bank

Abhishek Sharma
Chief Digital Officer
16 yrs exp, Indian Army

L&T Financial Services

Deliver sustainable RoE

Registered Office:

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

www.ltfs.com
T +91 22 6212 5000/5555
CIN: L67120MH2008PLC181833

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