

September 21, 2018

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

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

**Symbol: L&TFH**

**Security Code No.: 533519**

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

**Sub: Submission of Presentation**

Dear Sir / Madam,

Pursuant to the requirements of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed a presentation to be sent to investors.

Further, the said presentation will also be available on website of the Company i.e. [www.ltfs.com/investors.html](http://www.ltfs.com/investors.html).

We request you to take the aforesaid on records.

Thanking you,

Yours faithfully,

For **L&T Finance Holdings Limited**

  
**Apurva Rathod**  
Company Secretary and Compliance Officer

Encl: As above

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

**L&T Finance Holdings Ltd. – Asset Re-pricing & Liquidity scenario analysis**



***L&T Financial Services***

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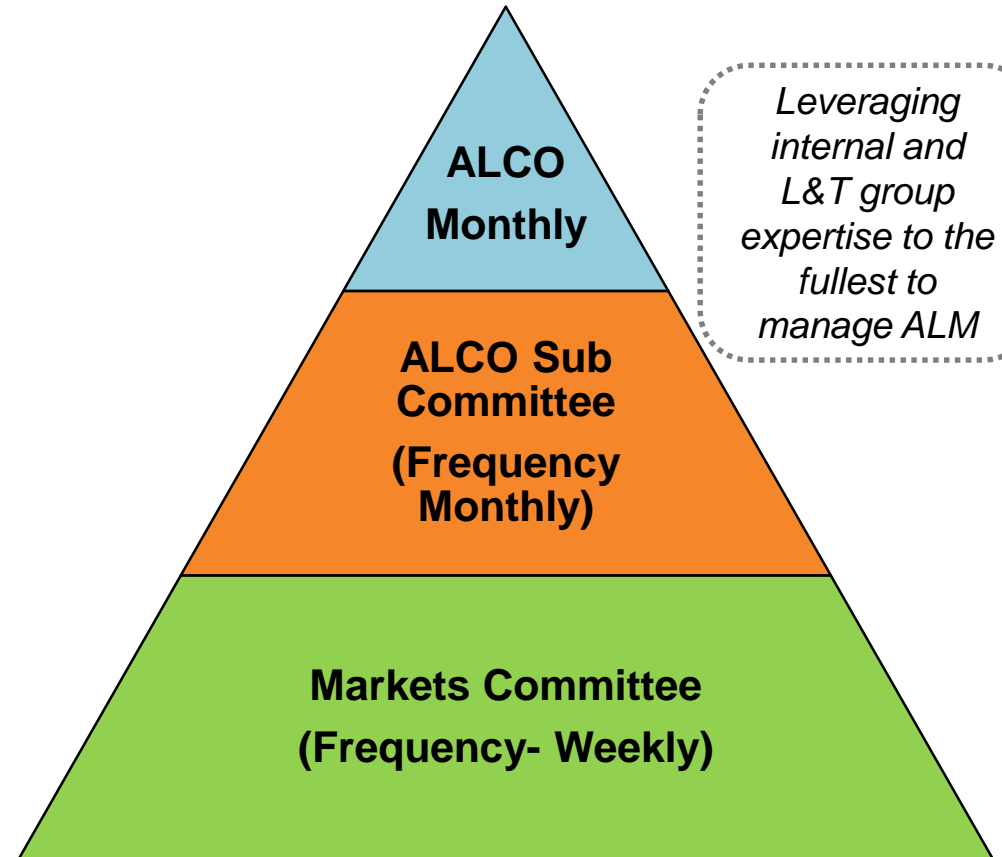
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# Asset Liability Management @LTFH

A **three step hierarchy** is followed to manage ALM, consisting of three committees as mentioned below;

- Markets Committee (includes operational heads of Treasury, DCM, Group Chief Economist)
- Asset Liability Committee (ALCO) Sub Committee (Chaired by MD & CEO)
- ALCO Committee (Regulatory committee chaired by MD & CEO and consisting external members as well)



***Management of Liquidity risk and Interest rate risk is given disproportionate importance***

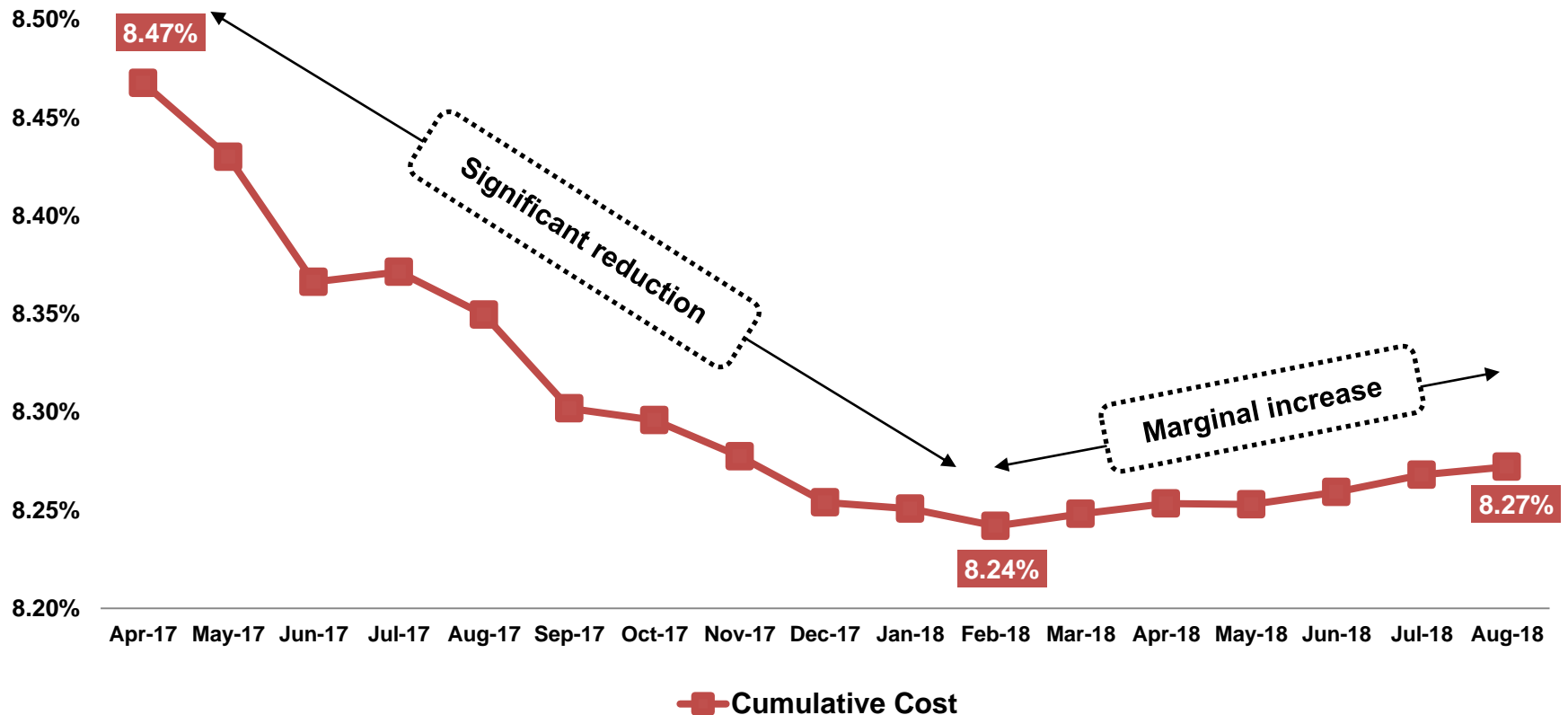
# Proactive liability management

TIME PERIOD	MARKET TRIGGER	ACTION TAKEN
<p>April 2017</p>	<p>Expected increase of interest rates</p>	<ul style="list-style-type: none"> <li>▪ Long term fixed rate instruments increased <b>from ~ 43% in March, 2017 to ~ 52% by March, 18 of total debt (~10,000 Crs incremental long term Fixed rate Instruments were raised and CPs were reduced)</b></li> <li>▪ <b>Liability duration is maintained higher than asset duration</b></li> <li>▪ <b>The ALM gaps are significantly positive</b></li> </ul>
<p>From March 2018 to August 2018</p>	<p>Interest rates going up significantly widening the gap between short term and long term instruments</p>	<ul style="list-style-type: none"> <li>▪ Due to the positive ALM gaps, we could alter our borrowing strategy to move to CPs to capitalize on the rate differential</li> <li>▪ It allowed us not to lock in high rates for long tenor</li> <li>▪ <b>LTFH was upgraded to AAA</b></li> </ul>
<p>From September 2018 onwards</p>	<p>Expected volatility of interest rates in Q3</p>	<ul style="list-style-type: none"> <li>• Maintaining Liquidity Buffer Book (“LBB”) to manage 30 day survival horizon</li> <li>• On top of the LBB ~ <b>Rs. 2,000 Crs of additional liquidity maintained via the CBLO route</b></li> <li>• Significant positive gaps carried on the Balance sheet thus insulating LTFH against further rise in interest rates. Two PLR increases already implemented.</li> </ul>

# Borrowing cost

Weighted average cost well in control despite volatility and hardening of interest rates

## Borrowing Cost Movement on Debt Outstanding from April 2017 onwards



## Asset Liability Re-pricing Sensitivity – One Year Cumulative Gap

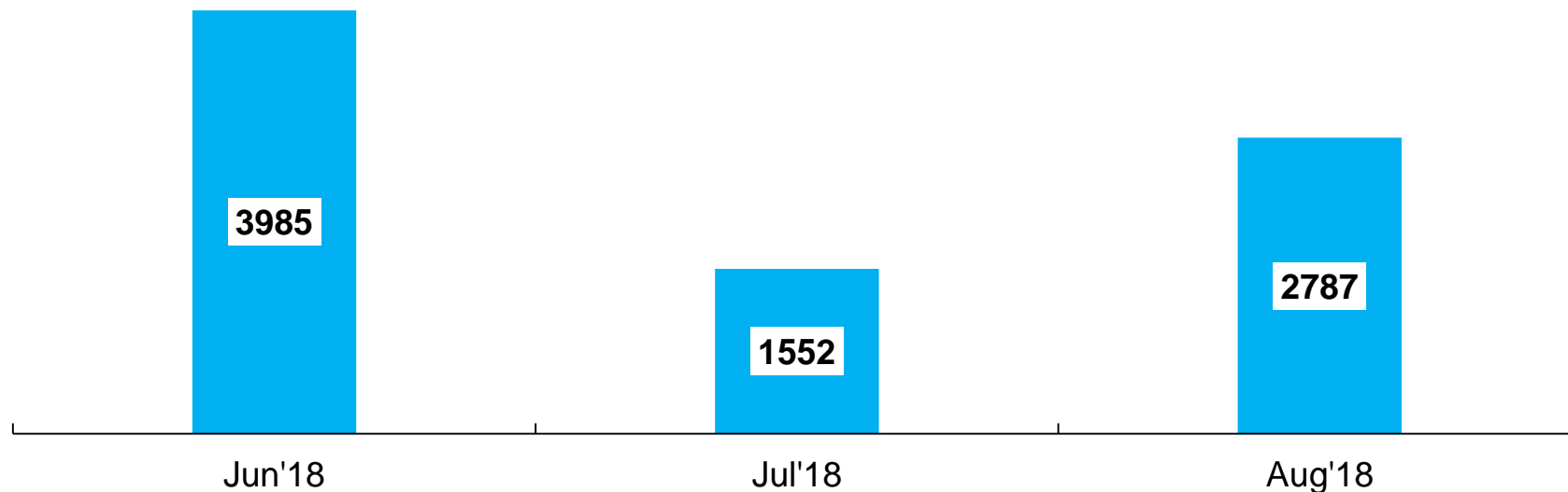
Particulars	Up to 1 year (Rs. Cr)
Re-pricable Assets (a)	~60,000
Re-pricable Liabilities (b)	~ 50,000
<b>Gap (a-b) – POSITIVE</b>	<b>~10,000</b>

- ~ 50% Liabilities are fixed at average cost ~ 8.25% with weighted average maturity of ~ 3.5-4 years
- On the other hand, 65% of the Assets are floating in nature
- Thus, in the scenario of rising interest rates, LTFH stands to gain as higher quantum of assets will get re-priced as compared to liabilities- resulting in positive impact on NIMs.
- Lastly, Asset inflows are higher than Liability outflows by Rs. 15,153 crs up to 1 year

# Structural Liquidity – Stress Scenario

All Figures in Rs.Cr

Gap up to Survival Horizon of 1 month in a stress scenario



- Liquidity Gap under stress conditions in the 01 month bucket has been positive
- Liquidity Buffer Book is being maintained
- Additionally, High Quality Liquid Assets (~ Rs. 2000 crs) comprising of G-Secs is also maintained

Stress Scenario Description - '1 in 10 Financial Crisis'

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



**Thank You**

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