L&T Finance Holdings

October 25, 2016

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 21, 2016 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/Analyst.

Further, as per Regulation 46 of Listing Regulations, the said Presentation would also be available on website of the Company i.e. www.ltfinanceholdings.com/investors/investor-information.aspx.

Kindly take the same on record and acknowledge the receipt.

Thanking you,

Yours faithfully,

For **L&T Finance Holdings Limited**

N. Suryanarayanan
Company Secretary & Compliance Officer

Encl: As above

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TRANSFORM FOCUS DELIVER

Strategy Update & Results – Q2FY17

L&T Financial Services

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Risk Factors and Disclaimers pertaining to L&T Mutual Fund: Mutual Fund Investments are subject to market risks, read all scheme related documents carefully.

Strategy Highlights

Performance and Outlook – By Business

Appendix

Strategy Highlights

Performance and Outlook – By Business

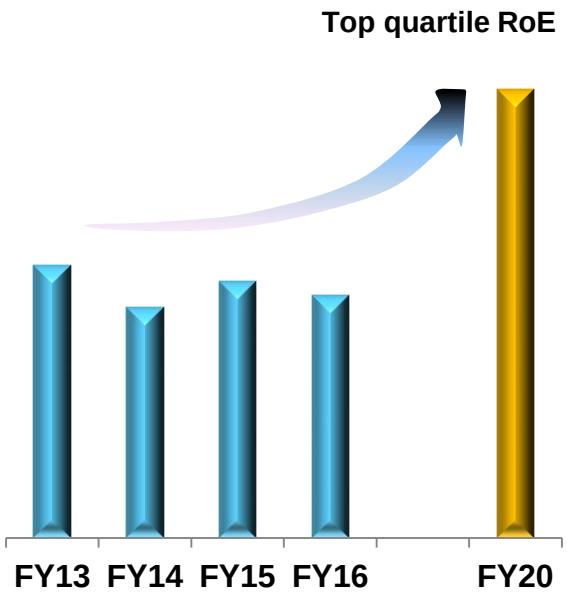
Appendix

Transform. Focus. Deliver.

Roadmap to continuous improvement in RoE

TRANSFORM.

Re-orient strategy to focus on select products and deliver ***steady improvement in RoE***



FOCUS.

Rural Business

Farm Equipment
Two wheeler
Microfinance

Housing Business

Home Loans & LAP
Real Estate Finance

Wholesale Business

Infra Finance
Structured Corporate Loans

Focus on 3 key lending businesses, augmented by value creation in the AMC and fee income from Wealth Management

DELIVER.

Short Term

- Drive efficiency to lower Cost to Income ratio
- Sell-down CoE to increase fee and balance portfolio risks

Medium Term

- Shift majority of capital to prioritized segments
- Unlock value of investments

Long Term

- Upside from focus on prioritized businesses with value creation
- Build strong structural capabilities for sustainable profitable growth

Key metrics to measure LTFH performance

Continuous Improvement In ROE

Q1 FY16	Q1 FY 17
9.09%	9.78%
Q2 FY16	**Q2 FY17**
9.84%	11.72%

Growth In Focused Businesses

	Y-o-Y	Q-o-Q
Disbursement	28%	45%
Asset	24%	6%

Improvement In Cost To Income Ratio

Q1 FY16	Q1 FY 17
32%	29%
Q2 FY16	**Q2 FY17**
33%	28%

Progress On Specific Initiatives

- Short term initiatives completed
- Medium and long term initiatives are on track

LTFH Consolidated – Financial Performance Highlights

Q2FY17 v/s Q2FY16

Cost to Income Ratio

33% → 28% (500 bps ↓)

Consolidated PAT

Rs 248 Cr → Rs 215 Cr (15% ↑)

PAT to Equity Shareholders*

Rs 216 Cr → Rs 162 Cr (33% ↑)

RoE*

11.72% → 9.84% (188 bps ↑)

Overall Book

Rs 60,898 Cr → Rs 51,411 Cr (18% ↑)

Focused Biz Book

Rs 57,081 Cr → Rs 45,892 Cr (24% ↑)

Defocused Biz Book

Rs 5,519 Cr → Rs 3,817 Cr (31% ↓)

Gross NPA^

5.10% → 4.70% (40 bps ↓)

Net NPA^

4.05% → 3.07% (98 bps ↓)

Q2FY16 | Q2FY17

* *Excludes share warrant money and after considering dividend on preference shares on pro-rata basis*

^ *Gross NPA and Net NPA at 120 DPD (Except housing which is at 90 DPD)*

LTFH Consolidated – Capital Allocation & ROE Bridge

Q2FY16			Business Segments (Rs Cr)	Q2FY17			PAT Y-o-Y (%)
PAT	Net Worth	RoE		PAT	Net Worth	RoE	
58	1,176	20.26%	Rural Business	76	1,312	23.84%	31%
28	777	15.47%	Housing Business	61	1,163	21.89%	114%
139	4,171	13.41%	Wholesale Business	121	4,828	10.19%	(13%)
225	**6,123**	**14.96%**	**Focus Business**	**257**	**7,303**	**14.46%**	**14%**
(18)	820	(8.30%)	De-focused Business	(35)	543	(23.81%)	-
207	**6,943**	**12.07%**	**Lending Businesses**	**222**	**7,845**	**11.54%**	**7%**
8	1,769	1.82%	Other Businesses[&]	26	1,014	10.05%	-
215	8,711	10.00%	**LTFH Consol. (Reported)**	248	8,859	11.36%	**15%**
53	(1,963)	(2.72%)	Less Pref. Div. / Pref. Cap	32	(1,213)	(2.68%)	(39%)
162	**6,647**	**9.84%**	**LTFH Consol. (To Equity Shareholders)** [*]	**216**	**7,463**	**11.72%**	**33%**

- RoE has gone up by 194 bps from Q1FY17 and 188 bps from Q2FY16
- Rural Business : Increase in proportion of Microfinance and TW combined with improved Opex has led to enhanced RoE
- Housing Business: Higher RoE achieved through better product mix and cost efficiency
- Wholesale Business: Growth in focus sectors and excellent traction in fee income
- Voluntary provisions of Rs. 100 Cr made in Wholesale Business. Without considering this, RoE stands at 15.53% for Wholesale and at 18.00% for Focus Business

[*] *Consol. PAT to Shareholders is after considering dividend on preference shares on pro-rata basis; Net Worth excludes preference shares, pref. dividend on pro-rata basis and share warrant money*

[&] *Other Businesses include Mutual Fund, Wealth Management, Private Equity , L&T Vrindavan, L&T Access and LTFH Standalone*

Status of key initiatives (1/2)

Initiative	Status	Impact on RoE Tree
RISK FRAMEWORK	• Articulated key risk parameters with defined overarching limits at enterprise level • Harmonisation of pricing and rating models across businesses with built in LGD* Grid	**CREDIT COST**
OPEX OPTIMIZATION	• Identified and implemented structural methods for reduction of the cost base rather than one-time cost saving measures • Cost income ratio: Q1FY16 = 32% | Q1FY17 = 29% Q2FY16 = 33% | Q2FY17 = 28%	**OPERATING EXPENSES**
DIVESTMENT OF NON-CORE BUSINESS	• De-focused portfolio being rundown as per plan • Alternatives being evaluated for value maximization during sell-down • Substantial reduction in asset size by rundown/divestment in H2 • Initiated process to monetize identified PE assets	**CREDIT COST**

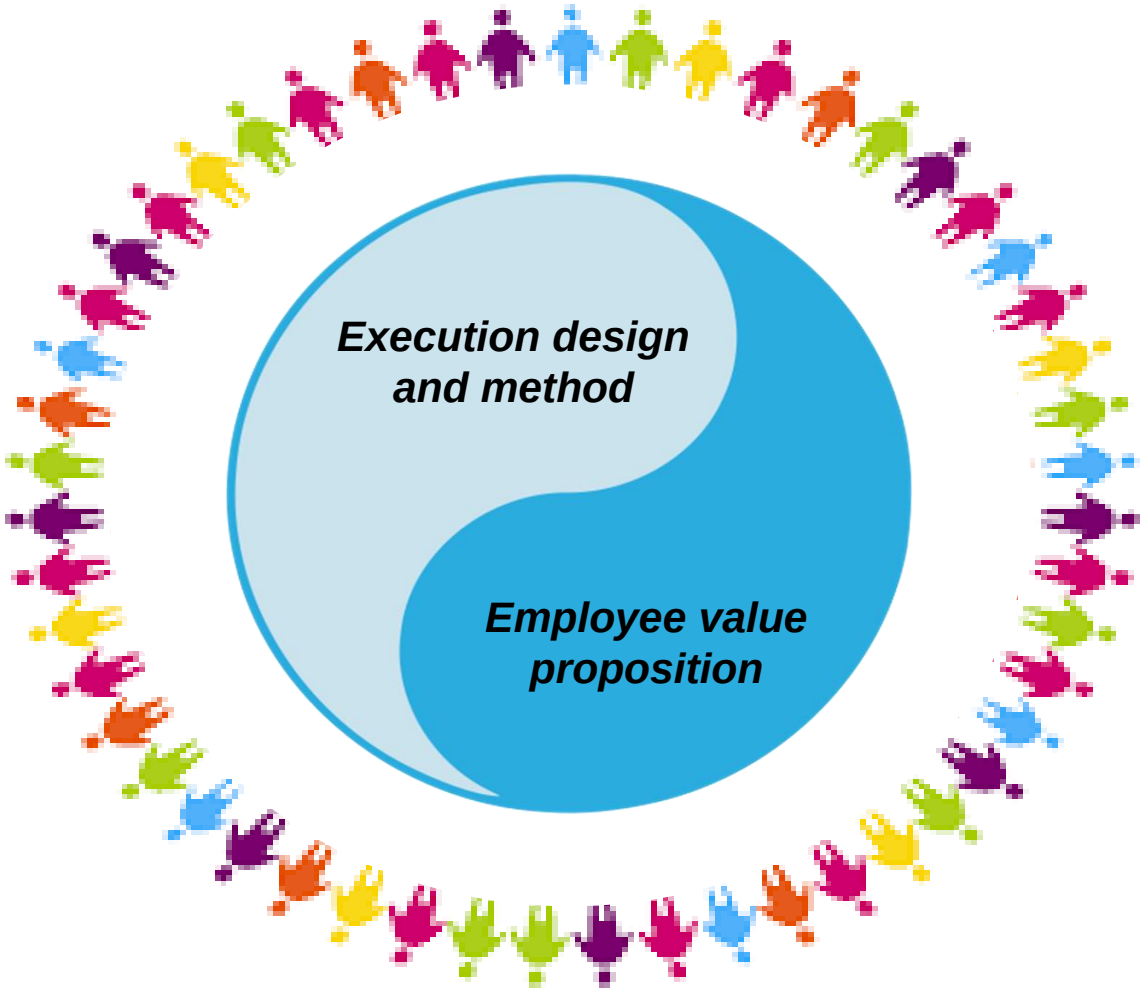
COE – FOCUS BUSINESSES	• Continuing to introduce various measures to develop and strengthen "Right to Win"
	  • Advocacy for developing regulatory framework
	  • Improving customer experience through technology
	  • Improving efficiency of underwriting using analytics
	• Disbursement growth in focused portfolio 28% (Y-o-Y)
		INCOME

* LGD – Loss Given Default

Status of key initiatives (2/2)

Initiative	Status	Impact on RoE Tree
COE – SELLDOWN	• Identification and mapping sell-down potential in our lines of businesses for optimum capital usage • Re-orientated processes and policies in sync with the sell-down strategy • 47% growth in sell down between H1FY16 & H1FY17 resulting in increased other income	**INCOME**
MERGER OF ENTITIES	• L&T Finance Ltd., L&T Fincorp Ltd. and Family Credit Ltd. to be merged in Phase 1 – more opportunities to be identified going forward • Merger of identified entities to be completed within this financial year • Merger would result in effective capital utilization and operating efficiencies	**OPERATING EXPENSE & CAPITAL ALLOCATION**
DIGITAL AND DATA ANALYTICS	• Mobility platform with an integrated rule-based decision engine implemented: ▪ 100% of 2W business through mobility solution • Attrition analysis of mutual fund customers to onboard them back to our schemes • Trend analysis to formulate litigation strategy based on customer behavior	**INCOME/OPEX/CREDIT COST**

Culture as a Competitive Advantage



Culture as a Competitive Advantage

Execution design and method

	PRIMARY RESPONSIBILITY	METRICS	MONITORING MECHANISM	REWARDS & CONSEQUENCES
Leadership Layer	Formulating strategy and guiding implementation	LTFH ROE and strengthening “Right to Win”	Weekly ExCom Project SteerCo Monthly KPI review	Wealth creation linked to shareholder value creation-ESOPs
Managerial Layer	Defining and creating the mechanics of implementation	Financial KPIs and project deliverables	Department reviews Skip level reviews	Outcome linked differentiated rewards
Execution Layer	Frontline implementation and real time supervision	Productivity	Monthly R-A-G	Performance linked incentives and rewards

Culture as a Competitive Advantage

Employee value proposition

	ENGAGEMENT	GROWTH	RECOGNITION	CARE
Leadership Layer	Place at the decision making table	Large and complex roles	The LTFS Excom identity	• Respect for individual • Enabling policies • Organization support during exigencies • Service orientation
Managerial Layer	Quarterly engagement with MD and Excom	Cross functional opportunities	Star Awards for exemplifying LTFS values	
Execution Layer	Quarterly town halls and Leadership/ HR branch visits	Vertical growth- ASPIRE program	R&R and contests	

Conclusion & Outlook

- Strategy for transformation of LTFS is on course:
  - Organizational culture re-oriented towards profitable growth
  - Rigour in implementation of the strategic initiatives leading to visible outcomes
  - Output oriented performance metrics and rewards mechanism in place

- ROE stands at 11.72% in Q2FY17 as against 9.84% in Q2FY16 and 9.78% in Q1FY17
  PAT to equity shareholders increases by 33% in Q2FY17

- Loans and advances in focused business grew by 24% vs. 31% decline in the de-focused business; overall growth in loans & advances is 18%

- Cost to Income reduced from 33% to 28%

- Divestment of defocused portfolio and merger of entities would lead to optimal utilization of capital – expected to be completed by end of this financial year

All key strategic metrics would continue to maintain their positive trajectory

Strategy Highlights

Performance and Outlook – By Business

Appendix

Rural Business – Performance Highlights

Key Financial Metrics (Q2FY17 v/s Q2FY16)

	Q2FY16	Q2FY17
NII	Rs 240 Cr	Rs 278 Cr
Opex	Rs 105 Cr	Rs 96Cr
PPOP	Rs 144 Cr	Rs 203 Cr
Credit Cost	Rs 51 Cr	Rs 89Cr
PAT	Rs 58 Cr	Rs 76 Cr

Key Ratios (Q2FY17 v/s Q2FY16)

	Q2FY16	Q2FY17
NIM	12.47%	12.47%
Opex	5.45%	4.31%
PPOP	7.48%	9.12%
Credit Cost	2.67%	3.99%
RoA	2.85%	3.18%
RoE	20.26%	23.84%

- Robust book growth of 17% riding on growth in microfinance business
- Opex has reduced by 115 Bps as initiatives on improving productivity have started yielding results
- Increase in credit cost due to movement to 120 DPD and Rs.22 Cr voluntary provision in Farm
- Gradual reduction expected in Farm credit losses as we experience couple of good crop cycles

1 - Credit cost includes provisions, write offs, foreclosure losses, interest provision/reversals
2 – NIM, Opex and Credit Cost ratios based on quarterly average of Gross Loans & Advances
3 – PPOP – Pre Provision Operating Profit

Rural Business – Market Scenario and Outlook

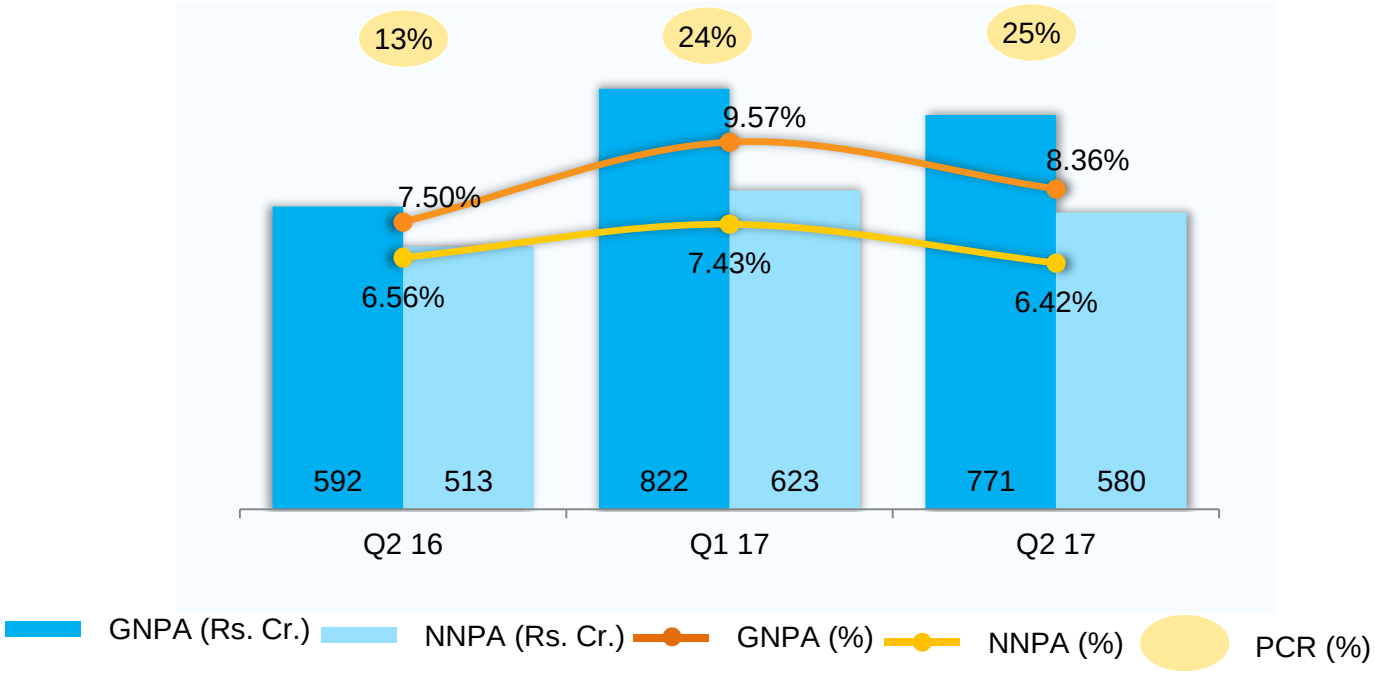
Segment	Q2FY17 v/s Q2FY16		Management Discussion
	Disbursements	Loan Book	
Micro Finance	Rs 1237 Cr 128% Rs 542 Cr	Rs 3,091 Cr 105% Rs 1,510 Cr	• Market expected to grow at 30%-40% annually • Customer growth of 60% • Rejection rate of 33%
2 Wheelers	Rs 392 Cr 2% Rs 385 Cr	Rs 1,809 Cr 16% Rs 1,556 Cr	• Market expected to grow at 10%-12% • Continued focus on profitability by reducing opex and focus on early bucket collection efficiency exhibiting early results • Enhanced customer proposition through digitization of customer acquisition journey
Farm Equipment	Rs 546 Cr 32% Rs 374Cr	Rs 4,831 Cr 11% Rs 4,322 Cr	• Good monsoon expected to improve sentiments - market growth by 5%-6% • Regaining market share in specific geographies based on better monsoon and reservoir levels required to support the Rabi crop • As fundamentals in the sector change we would improve market share and growth in subsequent quarters

Book growth of 17% - from Rs 7,897 Cr to Rs 9,223 Cr

Q2FY16 | Q2FY17

Rural Business – Asset Quality

Asset Quality Indicators – 120 DPD



- Increase in PCR from 13% to 25%
- Additionally, Rs.22 Crs voluntary provision has been taken
- Credit cost of Farm business likely to remain at elevated level for at least one more quarter

DPD – Days Past Due

Rural Business – Summary Financials

P&L Summary

Q2FY16	Q1FY17	Summary P&L (Rs. Cr.)	Q2FY17	Y-o-Y
390	438	Interest Income	442	13%
150	166	Interest Expense	164	10%
240	272	NIM	278	16%
9	13	Fee Income	21	135%
-	-	Other Income	-	-
249	285	Total Income	299	20%
105	92	Operating Expense	96	(9%)
144	193	Earnings before credit cost	203	41%
51	91	Credit Cost	89	73%
58	67	PAT	76	31%

Balance Sheet Summary

Q2FY16	Q1FY17	Balance Sheet (Rs. Cr.)	Q2FY17	Y-o-Y
8,321	9,327	Total Assets	9,745	17%
7,897	8,586	Gross Loans & Advances	9,223	17%
6,635	7,574	Borrowings	7,854	18%
1,176	1,234	Networth	1,312	12%

Comments

- Smart growth in Fee Income
- Digital solution implemented in all the 3 products has started reflecting in reduction of operating expense
- Credit Cost includes Rs 22 crs voluntary provision taken for farm equipment
- Will take at least 2 good crop cycle for situation to get back to steady state level

Credit costs include provisions, write offs, foreclosure losses, interest provisions/reversals

Rural Business – Key Ratios

Key Ratios			
Q2FY16	Q1FY17	Key Ratios	Q2FY17
20.27%	20.32%	Yield	19.86%
9.16%	8.91%	Cost of Borrowing	8.52%
12.47%	12.61%	**Net Interest Margin**	12.47%
0.47%	0.62%	Fee Income	0.96%
-	-	Other Income	-
5.45%	4.27%	**Operating Expenses**	4.31%
7.48%	8.96%	**Earnings before credit cost**	9.12%
2.67%	4.23%	Credit Cost	3.99%
2.85%	2.89%	Return on Assets	3.18%
5.64	6.15	Debt / Equity	5.98
20.26%	21.99%	**Return on Equity**	23.84%

Comments

- Improvement in ROE due to sharp decrease in operating expenses and uptick in fee income
- With impact from other initiatives kicking in, earnings before credit cost would further strengthen

All ratios based on quarterly average of Gross Loans & Advances

Housing Business – Performance Highlights

Key Financial Metrics (Q2FY17 v/s Q2FY16)

	Q2FY16	Q2FY17
NII	Rs 79 Cr	Rs 125 Cr
Opex	Rs 36 Cr	Rs 38 Cr
PPOP	Rs 48 Cr	Rs 104 Cr
Credit Cost	Rs 5 Cr	Rs 11 Cr
PAT	Rs 28 Cr	Rs 61 Cr

Key Ratios (Q2FY17 v/s Q2FY16)

	Q2FY16	Q2FY17
NIM	4.43%	4.58%
Opex	1.41%	2.02%
PPOP	2.67%	3.83%
Credit Cost	0.30%	0.39%
RoA	1.52%	2.11%
RoE	15.47%	21.89%

- Shift of model to SENP/LAP and robust growth in Real Estate finance has lead to improvement in NIM
- Robust risk framework is being put in place to manage risk in LAP and Real Estate Business
- Reduction in Opex due to organizational focus on cost efficiency

1 - Credit cost includes provisions, write offs, foreclosure losses, interest provision/reversals
2 – NIM, Opex and Credit Cost ratios based on quarterly average of Gross Loans & Advances
3 – PPOP – Pre Provision Operating Profit

Housing Business – Market Scenario and Outlook

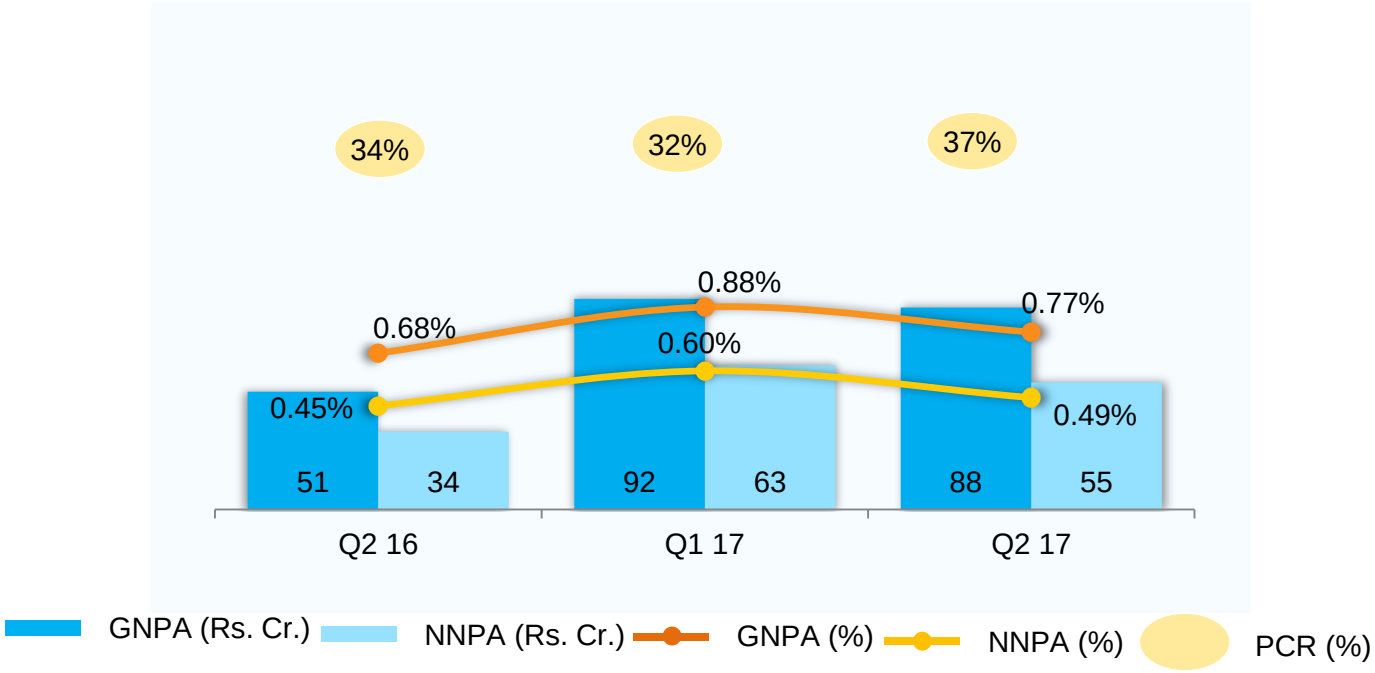
Segment	Q2FY17 v/s Q2FY16		Management Discussion
	Disbursements	Loan Book	
Home Loans & LAP	Rs 862 Cr 3% Rs 835 Cr	Rs 7,165 Cr 50% Rs 4,783 Cr	• Momentum maintained despite shift to SENP segment • Redesigned process has improved TAT
Real Estate Finance	Rs. 1,102 Cr 464% Rs 195 Cr	Rs 4,216 Cr 54% Rs 2,746 Cr	• Spillover of Q1 pipeline to Q2FY17 has resulted in increased disbursements • Commercial real estate showed positive momentum during the quarter, especially in Bangalore • Primary customer segment - Category A and B developers post receipt of all project related approvals

Book growth of 51% - from Rs 7,529 Cr to Rs 11,381 Cr

Q2FY16 Q2FY17

Housing Business – Asset Quality

Asset Quality *



- NPA's have decreased on absolute basis from Q1FY17
- PCR increased to 37%
- Book quality would continue to remain robust

* *GNPA and NNPA numbers are at 90 DPD (Days Past Due)*

Housing Business – Summary Financials

P&L Summary

Q2FY16	Q1FY17	Summary P&L (Rs. Cr.)	Q2FY17	Y-o-Y
223	307	Interest Income	334	50%
144	197	Interest Expense	209	46%
79	110	NIM	125	57%
5	10	Fee Income	18	288%
84	120	Total Income	143	70%
36	46	Operating Expense	38	6%
48	74	Earnings before credit cost	104	118%
5	15	Credit Cost	11	97%
28	39	PAT	61	114%

Balance Sheet Summary

Q2FY16	Q1FY17	Balance Sheet (Rs. Cr.)	Q2FY17	Y-o-Y
7,863	11,013	Total Assets	12,051	53%
7,529	10,408	Gross Loans & Advances	11,381	51%
6,573	9,375	Borrowings	10,179	55%
777	1,058	Networth	1,163	50%

Comments

- Substantial increase in NIM due to SENP and Real Estate Finance led strategy
- Fee income high due to contribution of Real estate business

HL – Home Loans, LAP – Loan Against Property
Credit costs include provisions, write offs, foreclosure losses, interest provisions/reversals

Housing Business – Key Ratios

Key Ratios

Q2FY16	Q1FY17	Key Ratios	Q2FY17
12.46%	12.14%	Yield	12.26%
9.23%	8.66%	Cost of Borrowing	8.56%
4.43%	4.34%	**Net Interest Margin**	4.58%
0.26%	0.40%	Fee Income	0.66%
2.02%	1.81%	**Operating Expenses**	1.41%
2.67%	2.93%	**Earnings before credit cost**	3.83%
0.30%	0.61%	Credit Cost	0.39%
1.52%	1.42%	Return on Assets	2.11%
8.46	8.86	Debt / Equity	8.76
15.47%	15.04%	**Return on Equity**	21.89%

Comments

- Marked increase in fee income and improved cost efficiency

All ratios based on quarterly average of Gross Loans & Advances

Wholesale Business – Performance Highlights

Key Financial Metrics (Q2FY17 v/s Q2FY16)

	Q2FY16	Q2FY17
NII	Rs 328 Cr	Rs 356 Cr
Opex	Rs 42 Cr	Rs 43 Cr
PPOP	Rs 321 Cr	Rs 356 Cr
Credit Cost	Rs 112 Cr	Rs 188 Cr
PAT	Rs 121 Cr	Rs 139 Cr

Key Ratios (Q2FY17 v/s Q2FY16)

	Q2FY16	Q2FY17
NIM	4.00%	4.38%
Opex	0.48%	0.56%
PPOP	4.00%	4.29%
Credit Cost	1.49%	2.11%
RoA	1.25%	1.71%
RoE	10.19%	13.41%

- Growth in business has come from our focus sectors
- Reduction in NIMs is reflective of our growth in IDF portfolio and increasing proportion of operational assets
- Fee Income continues to be healthy contributing to improved PPOP
- 53% of the 188 Cr credit cost is on account of voluntary provision
- Wholesale RoE excluding this provision stands at 15.53% for Q2FY17

1 - Credit cost includes provisions, write offs, foreclosure losses, interest provision/reversals
2 – NIM, Opex and Credit Cost ratios based on quarterly average of Gross Loans & Advances
3 – PPOP – Pre Provision Operating Profit

Wholesale Business – Market Scenario and Outlook

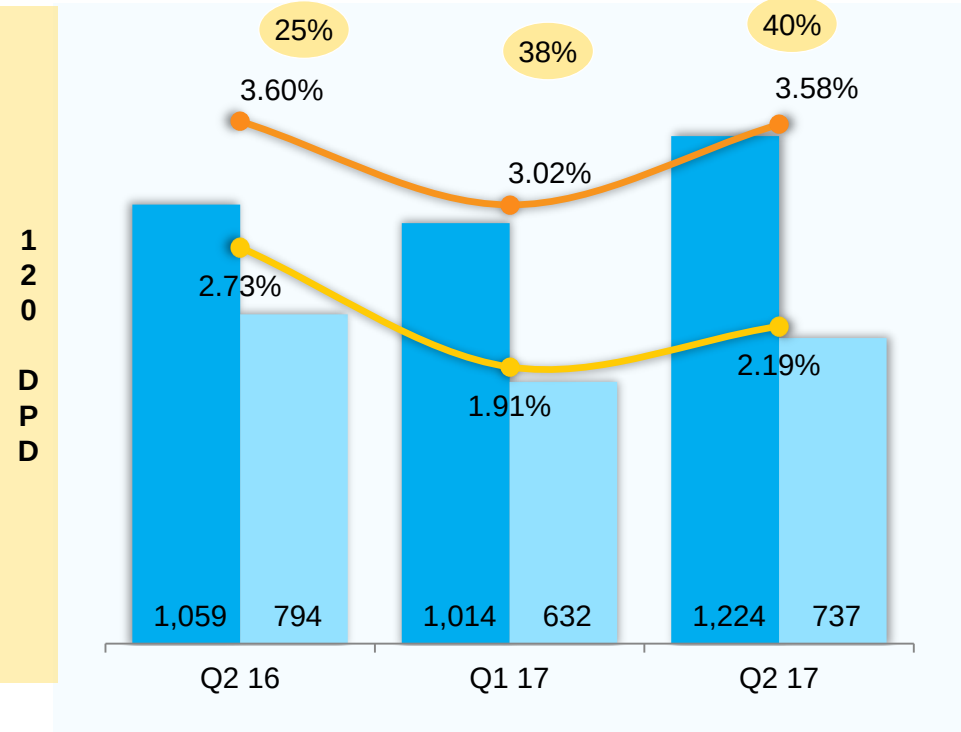
Segment	Q2FY17 v/s Q2FY16		Management Discussion
	Disbursements	Loan Book	
Infra Finance	Rs 3,521 Cr 11% Rs 3,184Cr	Rs 29,389Cr 22% Rs 24,026 Cr	• Large opportunities available in TOMT model of Roads and in Solar within renewable energy • Strategy of origination and down sell maintained • IDF scaled up to ~ Rs 3000 crs of assets (~ Rs 500 crs Q2FY16) • Growth in corporate bond market creating opportunities for origination and down selling of bonds
Structured Corporate Finance	Rs 748 Cr 90% Rs 395 Cr	Rs 4,848 Cr 9% Rs 4,464 Cr	• Increased opportunities foreseen in structured mezzanine finance • Developing structured products for cross vertical sell down synergies
Supply Chain Finance	Rs 2,901 Cr 10% Rs 2,629 Cr	Rs 2,240 Cr 13% Rs 1,977 Cr	• Business continues to demonstrate steady volumes and profitability • Favourable monsoon and the onset of festive season is likely to spur demand in the short term • Over the medium term, increased consumption demand and government capital spending will be the prime growth drivers

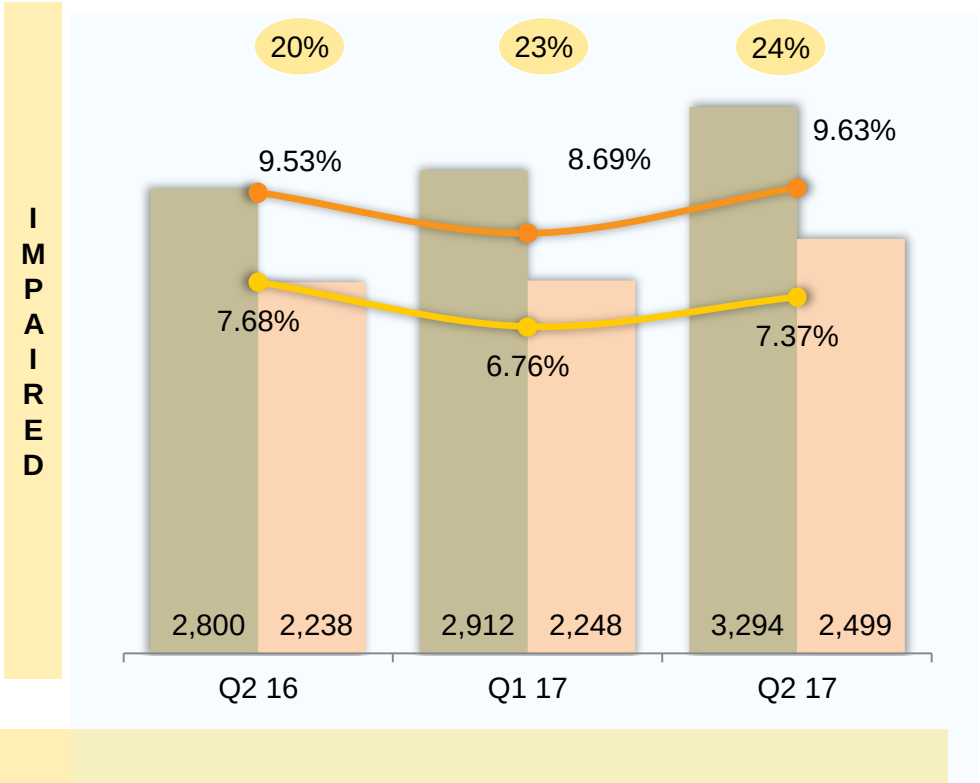
Book growth of 20% - from Rs 30,467 Cr to Rs 36,478 Cr

Q2FY16 Q2FY17

Wholesale Business – Asset Quality

Asset Quality Indicators





- Provision Coverage Ratio on total impaired assets is at 24% for Q2 FY17
- Recent Govt decision on 75% payment of arbitration awards – positive for stressed EPCs
- Increase in NPAs due to transition of certain assets from RSA to NPA

GNPA (Rs. Cr.) NNPA (Rs. Cr.) GIA (Rs. Cr.) NIA (Rs. Cr.) PCR (%)

L&T Financial Services

Wholesale Business – Segment Wise Split

DISBURSEMENT

Sectors (Rs Cr)	Q2FY16	Q1FY17	Q2FY17	Y-o-Y
Renewable Power	1,004	1,188	1,389	38%
Transport	729	596	564	-23%
Power – Thermal	52	93	105	104%
Power – Corp[2] + T&D	595	136	154	-74%
Others[1]	804	100	1,309	63%
Structured Corp. Fin.	395	233	748	90%
Supply Chain Finance	2,629	2,812	2,901	10%
Total	**6207**	**5156**	**7170**	**16%**
Net Disbursement	**5369**	**4561**	**6041**	**13%**

Comments

- 55% of Infra finance disbursements are in renewables, roads in Q2 FY'17
- 37% of Q2FY17 Infra finance disbursements are in operational projects

LOAN BOOK

Sectors (Rs Cr)	Q2FY16	Q2FY16(%)	Q1FY17	Q2FY17	Q2FY17 (%)	Y-o-Y (%)
Renewable Power	6,724	22%	9,974	10,635	29%	58%
Transport	5,153	17%	6,385	6,480	18%	26%
Power – Thermal	3,308	11%	3,936	4,024	11%	22%
Power – Corp[2] + T&D	2,675	9%	2,423	2,403	7%	-10%
Others[1]	6,164	20%	5,264	5,848	16%	-5%
Structured Corp. Fin.	4,464	15%	4,669	4,848	13%	8%
Supply Chain Fin	1,977	6%	2,110	2,240	6%	13%
Total	**30466**	**100%**	**34,761**	**36478**	**100%**	**20%**

- 63% of Q2FY17 Infra finance Loan Book are in operational projects
- 58% of Q2FY17 Infra finance Loan Book is in renewable and roads

[1] Others includes IT parks, infra project implementers, telecom, captive mining for power projects, healthcare, solid waste management, water treatment, select hotels, real estate, bonds etc.
[2] Corporate loans to Power companies

Wholesale Business – Summary Financials

P&L Summary

Q2FY16	Q1FY17	Summary P&L (Rs. Cr.)	Q2FY17	Y-o-Y
907	1,016	Interest Income	1,033	14%
579	686	Interest Expense	677	17%
328	330	NIM	356	9%
23	26	Fee Income	27	18%
12	10	Other Income	15	26%
363	367	Total Income	399	10%
42	43	Operating Expense	43	2%
321	323	Earnings before credit cost	356	11%
112	138	Credit Cost	188	69%
139	132	PAT	121	(13%)

Balance Sheet Summary

Q2FY16	Q1FY17	Balance Sheet (Rs. Cr.)	Q2FY17	Y-o-Y
32,810	38,450	Total Assets	38,795	18%
30,467	34,761	Gross Loans & Advances	36,478	20%
26,933	31,955	Borrowings	32,036	19%
4,171	4,630	Networth	4,828	16%

Comments

- Fee income from underwriting, DCM continue to see traction

Wholesale Business – Key Ratios

Key Ratios

Q2FY16	Q1FY17	Key Ratios	Q2FY17
12.12%	11.68%	Yield	11.60%
8.86%	8.87%	Cost of Borrowing	8.65%
4.38%	3.80%	**Net Interest Margin**	4.00%
0.31%	0.30%	Fee Income	0.31%
0.16%	0.12%	Other Income	0.17%
0.56%	0.50%	**Operating Expenses**	0.48%
4.29%	**3.72%**	**Earnings before credit cost**	**4.00%**
1.49%	1.59%	Credit Cost	2.11%
1.71%	1.40%	Return on Assets	1.25%
6.46	6.90	Debt / Equity	6.64
13.41%	**11.59%**	**Return on Equity**	**10.19%**

Comments

- Reduction in NIMs is reflective of our growth in IDF portfolio and increasing proportion of operational assets

- Credit cost to remain at elevated levels for next 3 – 4 quarters as we will continue to take similar voluntary provision

- RoE without voluntary provision is 15.53% which shows excellent profitability in current business

Lending Business – CRAR Ratios

As of June 2016			CRAR Ratios	As of September 2016		
Tier I	Tier II	CRAR	Entity	Tier I	Tier II	CRAR
14.74%	2.58%	17.33%	L&T Finance Ltd.	13.96%	2.42%	16.38%
13.68%	5.64%	19.32%	L&T Infra. Finance Ltd.	14.26%	6.53%	20.79%
14.36%	4.87%	19.23%	L&T FinCorp Ltd.	16.00%	5.05%	21.05%
36.99%	6.41%	43.40%	L&T IDF Ltd.	38.99%	6.88%	45.87%
11.87%	4.46%	16.33%	Family Credit Ltd.	13.17%	4.71%	17.89%
10.07%	4.36%	14.43%	L&T Housing Finance Ltd.	9.85%	4.09%	13.94%

Investment Management – Performance Overview

Key Financial Metrics (Q2FY17 v/s Q2FY16)

Rs 32,667 Cr	Rs 12,875 Cr	Rs 12 Cr
35% Avg AUM[1]	31% Avg. Equity AUM[1]	140% PAT
Rs 24,280 Cr	Rs 9,817 Cr	Rs 5 Cr

- AAUM growth of 35% on a sequential quarter basis compared to industry growth rate of 12%
  - Growth led by net inflows across all product categories; aided by good and consistent fund performance
- 4 Equity funds and 6 Debt funds in top two quartiles
- Cost to Income has reduced by 6%
- Equity AUM is 39 % of total AUM

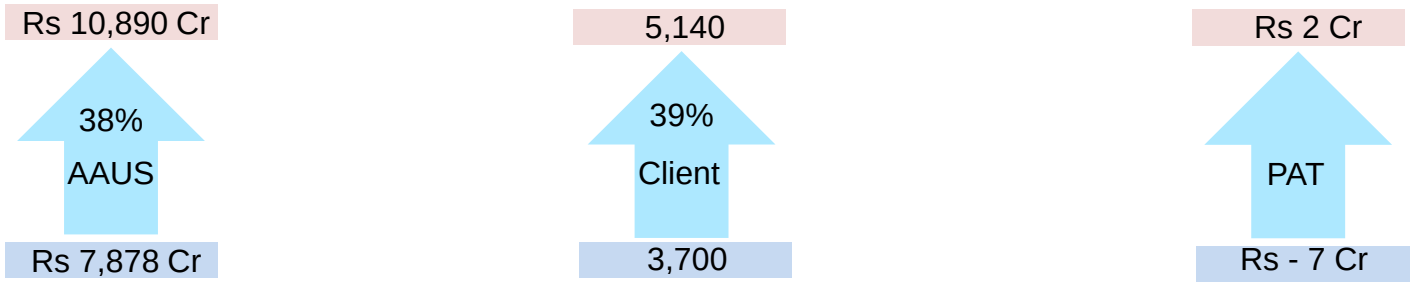
AMC business continues on its strong value creation journey

[1]AUM is quarterly average
Please refer to annexure at the end of this presentation for the asset wise & geography wise AUM disclosures

Q2FY16 | Q2FY17

Wealth Management – On the Path of Profitable Growth

Key Metrics



- Merger and restructuring of Wealth Management business has resulted in structural and operating efficiencies
- Increased focus on RM productivity resulting in enhanced AAUS and yields
- Among the fastest growing Wealth Management firms in India having crossed USD 1.5 billion AAUS

Breakeven achieved in Q2FY17

Q2FY16 Q2FY17

L&T Financial Services

Strategy Highlights

Performance and Outlook – By Business

Appendix

Leadership comprises a seasoned board of directors

Board Of Directors

Y.M. Deosthalee, *Chairman*

- Chartered Accountant and Law graduate
- 40+ years at L&T Group
- Member of the Advisory Committee for Liquidity Management set by the Ministry of Finance

Dinanath Dubhashi, Managing Director

- B.E.(Mechanical), PGDM – IIM (Bangalore)
- 25+ years of experience across multiple domains in BFSI such as Corporate Banking, Cash Management, Credit Ratings, Retail Lending and Rural Financing

R. Shankar Raman, *Non-Executive Director*

- CA; B.Com graduate from Madras University
- Current CFO of L&T Group
- 30+ years of experience in finance, including audit and capital markets

Amit Chandra, *Non-Executive Director*

- MBA from Boston College and Electrical Engineering from VJTI
- Managing Director at Bain Capital since early 2008
- Retired from DSP Merrill Lynch as Board Member & MD and had direct oversight of its Global Markets & IB business

Thomas Mathew, *Independent Director*

- Post graduate in Economics and Law graduate
- MD & CEO of Reinsurance Group of America for India, Sri Lanka and Bangladesh
- ~Four decades experience in Life Insurance, Retd. Current-in-Charge Chairman of LIC of India

Harsh C. Mariwala, *Independent Director*

- Chairman & MD of Marico Limited
- 30+ years of experience in building some of the leading Consumer brands in India
- President of FICCI 2010 – 2011

B. V. Bhargava, *Independent Director*

- Post graduate in commerce and Law graduate from the University of Bombay
- Chairman of the Rating Committee of CRISIL Limited
- Former Vice Chairman and MD of ICICI

P. V. Bhide, *Independent Director*

- Hold MBA, L.L.B and B.Sc degrees
- Retired IAS officer
- Former Finance Secretary; 40+ years experience across various positions in the Ministry of Finance

S. V. Haribhakti, *Independent Director, Chairman of the Audit Committee and Nomination & Remuneration Committee, LTFH*

- CA, Cost Accountant, and a Certified Internal Auditor
- Masters in Management Studies from Uni. of Mumbai
- Managing Partner, Haribhakti & Co

K. Rao, *Independent Director*

- B.A. from Harvard and MBA from UPenn
- Chartered Financial Analyst (CFA)
- 15+ years of experience as an investment professional with the Capital Group

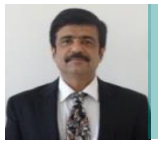
Management Team

Dinanath Dubhashi
Managing Director
26 yrs exp, BNP Paribas, SBI Cap, CARE

Kailash Kulkarni
CE - Investment Management Business
26 yrs exp, Kotak Mahindra AMC, Met Life, ICICI

Parvez Mulla
CE - Retail Business
22 yrs exp, ICICI Bank, ANZ Grindlays Bank, Bajaj Auto

Manoj Shenoy
CE - Wealth Management Business
26 yrs exp, EFG Wealth Mgmt, Anand Rathi



Virender Pankaj
CE - Wholesale Business
25 yrs exp, SBI

Srikanth J
CE - Real Estate
and Supply Chain Business
20 yrs exp, BNP Paribas, Commerz Bank AG

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

Sunil Prabhune
Group Head - HR, Corporate Communication,
Facilities and CSR
18 yrs exp, ICICI Bank, GE, ICI

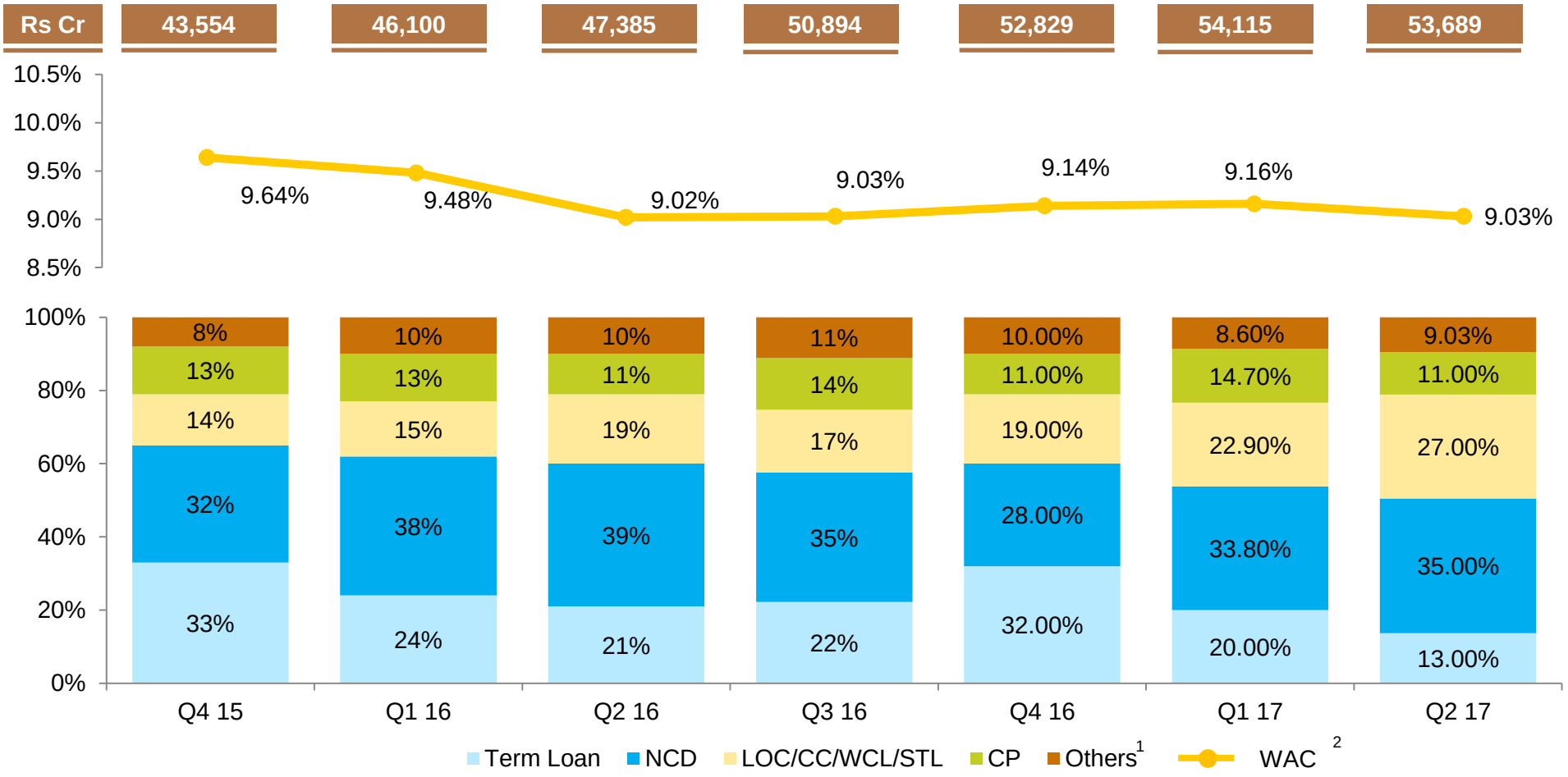
Muralidharan Rajamani
Group Head - Operations
and IT
31 yrs exp, Edelweiss Tokyo Life, Dhanalaxmi Bank

Deepak Punjabi
Chief Risk Officer
31 yrs exp, Burgan Bank, BNP Paribas

Raju Dodti
Group General Counsel
18 yrs exp, IDFC Ltd, ABN Amro, Soc Gen

Abhishek Sharma
Group Transformation Officer,
13 yrs exp, Indian Army

Consolidated Debt Profile - Effective Liability Management



Focus on diversifying sources of funds

[1] Others includes Tier II bonds, Public Debenture, Preference Shares , FCNR/ ECB

[2] WAC is excluding Preference Capital

L&T Financial Services

AUM Disclosure

Assets Under Management (Rs. Cr.)

	Quarter ended Mar, 2016		Quarter ended Jun, 2016		Quarter ended Sep, 2016	
Fund Type	**AUM[1]**	**Avg. AUM[2]**	**AUM[1]**	**Avg. AUM[2]**	**AUM[1]**	**Avg. AUM[2]**
Income	7,970	8,059	9,053	8,892	11,048	10,987
Equity (Other than ELSS)	9,370	8,884	10,498	9,872	11.679	11,168
Balanced	0	0	0	0	0	0
Liquid	5,804	7,410	6,324	7,966	8,357	8,610
Gilt	97	98	111	104	164	136
Equity – ELSS	1,500	1,463	1,667	1,556	1,822	1,766
Gold ETF	0	0	0	0	0	0
Other ETF	0	0	0	0	0	0
Fund of Fund Overseas	31	31	0	13	0	0
TOTAL	**24,772**	**25,945**	**27,652**	**28,404**	**33,070**	**32,667**

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

Product Reclassification

Product Classification	Business Platform	Business Segment	Key Sub Products
Previous Representation	**Retail**	Rural Product Finance	Farm Equipment, Trade Advance, **LCV, SCV,**
		Personal Vehicle Finance	**Cars**, 2 Wheelers
		Microfinance	JLG Loans
		Housing Finance	Home Loan, LAP, Construction Finance
		Supply Chain Finance	Short Term Loans, **SME Term Loans**
		Mid-Market Finance	Term Loans, **Leases**, LAS, **RD**, Last Mile RE Finance
		CE / CV Finance	**MHCV, CE**
	Wholesale Finance	Infrastructure Finance	Renewable, Road, Thermal, Power Corp, Telecom
		Real Estate & SEZ	LRDs, Other RE Finance
		Wholesale - Others	IT Parks, Captive Mines, Healthcare, Hotels, Bonds, Urban Infra, etc.
Current Representation	**Rural**	Farm Equipment	Farm Equipment, Trade Advance
		2 Wheelers	2 Wheelers
		Microfinance	JLG Loans
	Housing	Home Loans	Self Employed Home loans
		LAP	
		Real Estate Finance	Construction Finance, Last Mile RE Finance, LRDs, Other RE Finance
	Wholesale Finance	Infrastructure Finance	Renewable, Road, Thermal, Power Corp, Telecom
		Structured Corp. Fin.	Term Loans, LAS, Wholesale - Others
		Supply Chain Finance	Short Term Loans
	Defocused Product		**Cars, Leases, RD, MHCV, SCV, LCV, CE, SME Term Loans**

“Our aim is to be an admired and inspirational financial institution, creating sustainable value for all our stakeholders.”

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