Press Release

Friday, 22nd January 2016, Mumbai

Financial Performance for the quarter and nine months ended 31st December, 2015

Consolidated Profit for the quarter grows by 17%; Loans and Advances grows by 23%

Consolidated Profit (before exceptional items) for the nine month period grows by 17%

L&T Finance Holdings (L&TFH) today released details of their financial performance for the quarter and nine months ended 31st December, 2015.

Highlights:

- **Growth in assets:** Loans & Advances as on 31st December 2015 grew by 23% y-o-y to Rs. 55,694 Cr. as compared to Rs. 45,225 Cr as on 31st December 2014. This has been inspite of substantial negative growth in farm equipment business. The growth has been led by healthy disbursement growth of 40% on a y-o-y basis in our key focus areas i.e. operational projects in renewable energy and roads; retail B2C products – housing, microfinance and two wheelers.

  The Average Assets under Management (AAUM) of the investment management business grew by 17% to Rs 25,059 Cr as compared to Rs 21,336 Cr for the same period last year. The share of equity assets increased to 41% of the total AAUM, reaching Rs 10,268 Cr representing a 37% increase on a y-o-y basis.

- **Profit after Taxes (PAT):** The Consolidated PAT for the quarter grew by 17% y-o-y to Rs. 212 Cr compared to Rs 182 Cr in the same period last year. The operating performance has continued to remain steady with healthy margins, steady fee income and stable opex. The asset management business continues to contribute positively.

- **Asset Quality:** Sequential increase in Gross NPA% largely on account of the stress in rural markets. Gross NPA% shows a reducing trend on a y-o-y basis despite above normal delinquencies in Farm portfolio indicating that NPAs in other business have been contained.

Rs Cr	Q315		Q316	
	180 days	150 days	180 days	150 days
Gross NPA	1,327	1,977	1,572	1,818
Net NPA	863	1,489	966	1,206
Gross NPA %	3.01%	4.48%	2.88%	3.33%
Net NPA %	1.98%	3.42%	1.79%	2.23%
Provision Coverage %	35%	25%	39%	34%

In line with a conservative provisioning policy, the Company carries ~Rs 233 Cr of provisions in excess of RBI norms.

Management Commentary

Commenting on the results and financial performance, Mr. Y. M. Deosthalee, Chairman & Managing Director, L&T Finance Holdings, said, **"**We are happy to report a healthy 23% growth in loans and advances along with a 17% growth in profits for the quarter on a y-o-y basis. This has been despite the slower than expected pick up in the overall economy and significant cash flow pressures in the rural markets. Our focus on financing operational projects in renewable energy and road sectors, and select segments of retail

B2C products has enabled this. Our philosophy of being a comprehensive financial services player is playing out positively in terms of maintaining a consistently healthy growth in assets and profitability over the last 8 -10 quarters, with stabilization in the overall asset quality."

Profit after Taxes

Growth in profits has been a result of consistent and steady improvement in key operating parameters along with stabilization in the overall asset quality in the lending business and positive contribution by the asset management business. Net Interest Margins (NIMs) for the lending business has shown a 20% growth y-o-y to Rs 750 Cr (5.63%) from Rs 623 Cr (5.66%) in the same period last year.

Business	PAT (Rs Cr)			
	Q3FY15	Q2FY16	Q3FY16	Growth %
Retail Finance	105	107	100	(5%)
Wholesale Finance	81	100	104	28%
Investment Management	2	5	5	100%
Others	(6)	3	3	-
Total	182	215	212	17%

Assets

Operating projects account for 59% of the total loan outstanding in the wholesale business while B2C products constitute 61% of the total loan outstanding in the retail business.

Business	Disbursements (Rs Cr)			Loans & Advances (Rs Cr)		
	Q3FY15	Q3FY16	Growth %	Q3FY15	Q3FY16	Growth %
Retail Finance	5,219	6,983	34%	23,566	27,686	17%
Wholesale Finance	4,160	6,152	48%	21,659	28,008	29%
Total	9,378	13,135	40%	45,225	55,694	23%

Outlook:

Consolidating and strengthening our position as a leading financier of operational projects with particular emphasis on renewables and roads and further enhancing our presence in retail B2C products (tractors, 2 Wheelers, microfinance and housing finance) will continue to be the key growth drivers. We expect overall asset growth for the current fiscal year to be around 25%.

The Company is focused on improving returns in all its businesses. All key operating metrics have remained consistent to improving over the last 8 – 10 quarters. As the economy turns around, it is expected that credit costs will come down gradually.

As per RBI norms the Company will migrate to reporting NPAs on 90 day basis. While this is expected to result in an increase in GNPAs, our assessment shows that our current provisioning norms will adequately take care of actual loss experienced on the ground

About L&T Finance Holdings:

L&TFH is a financial holding company offering a diverse range of financial products and services across the corporate, retail and infrastructure finance sectors, as well as mutual fund products and investment management services, through its wholly-owned subsidiaries, viz., L&T Finance Ltd, L&T Infrastructure Finance Company Ltd, L&T Investment Management Ltd, L&T Capital Markets Ltd, L&T Housing Finance Ltd, FamilyCredit Ltd and L&T FinCorp Ltd. It is registered with the RBI as a CIC-ND-SI. L&TFH is promoted by Larsen & Toubro (L&T), one of the leading companies in India, with interests in engineering, construction, electrical & electronics manufacturing & services, IT and financial services.

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