L&T Finance Holdings

January 21, 2015

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.

Scrip Code No.: 533519

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

Sub: Unaudited Consolidated Financial Results under Clause 41 of the Equity Listing Agreement

Dear Sir/ Madam,

This has reference to our letter of even date for submitting Unaudited Standalone Financial Results of the Company for the quarter and nine months ended December 31, 2014.

Please find enclosed herewith Unaudited Consolidated Financial Results of the Company for the quarter and nine months ended December 31, 2014 along with Limited Review Report of Statutory Auditors and Press Release thereon.

Kindly take the same on record and acknowledge the receipt.

Thanking you,

Yours faithfully,

For **L&T Finance Holdings Limited**

N. Suryanarayanan
Company Secretary

Encl: as above

L&T Finance Holdings Ltd
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CST Road, Kalina, Santacruz (E)
Mumbai 400 098, India

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Press Release

Wednesday, 21st January 2015, Mumbai

Financial Performance for the quarter and nine months ended 31st December, 2014

Consolidated Profit for the quarter grows by 66%; Loans & Advances grows by 20%

Consolidated Profit (before exceptional items) for the nine month period grows by 29%

L&T Finance Holdings (L&TFH) today released details of their financial performance for the quarter ended 31st December, 2014.

Highlights of the quarter:

- **Profit after Taxes (PAT):** The Consolidated PAT for the quarter grew by 66% y-o-y to Rs. 182 Cr compared to Rs 110 Cr in the same period last year while the Consolidated PAT (before exceptional items) for the nine month period grew by 29% y-o-y to Rs 530 Cr compared to Rs 410 Cr in the same period of last year. This has been enabled by healthy net interest margins on back of high yielding assets and effective management of borrowing costs, uptick in fee income from financial advisory services in renewable power segment and stable operating expenses.

- **Growth in assets:** Loans & Advances as on 31st December 2014 grew by 20% y-o-y to Rs. 45,225 Cr. as compared to Rs. 37,820 Cr as on 31st December 2013. This has been aided by strong disbursement growth of 32% on a y-o-y basis across B2C products i.e. tractors, two wheelers, housing and microfinance in the retail business and operational projects in renewables, roads and non-infrastructure segments in the wholesale business.

  The investment management business continued to see accretion of equity assets on the back of both market movement and improved gross and net sales. Equity assets increased by 57% year on year to Rs 7,428 Cr, comprising 35% of the total Average Assets under Management (AAUM); while the overall AAUM grew by 25% on a year on year basis to Rs 21,336 Cr.

- **Asset Quality:** Gross NPA has largely remained stable at 3.01% as a percentage of gross advances as on 31st December 2014 compared to 2.96% as of 30th September 2014. Net NPA stood at 1.98% as a percentage of gross advances as on 31st December 2014 as against 2.00% as on 30th September 2014.

  With the intent to build a healthier balance sheet, the Company has continued to make additional provisions in this quarter too, increasing the provision coverage to 35% at the consolidated level. In line with the conservative provisioning policy, the Company carries ~Rs 190 Cr of provisions in excess of RBI norms.

Commenting on the results and financial performance, Mr. Y. M. Deosthalee, Chairman & Managing Director, L&T Finance Holdings, said, **"**We are pleased to report a robust 66% growth in profits for the quarter and an equally healthy 29% growth in profits before exceptional items for the nine month period. Steady margins, supported by a healthy fee income stream and stable operating expenses have helped achieve this growth. We have been able to report a consistent growth in assets on the back of having a strong and nimble lending franchise with the ability to choose growth areas across multiple product lines and customer segments. We expect a gradual and steady improvement in returns."

Assets

Momentum of disbursement in tractors, two wheelers, microfinance and housing finance continues to be strong while there has been a significant traction in lending to operating projects in the infrastructure and non-infrastructure segments. Disbursements in the retail and mid-market business have been muted due to conscious de-growth of the commercial vehicles and construction equipment segments, while we have continued to be selective in offering credit to the mid-corporate segment.

Operating projects constitute 46% of the total loan outstanding in the wholesale business, while B2C products including housing finance constitute 53% of the total loan outstanding in the retail and mid-market business.

Business	Disbursements (Rs Cr)			Loans & Advances (Rs Cr)			GNPA %	
	9M'14	9M'15	Growth %	9M'14	9M'15	Growth %	9M'14	9M'15
Retail & Mid-Market Finance	12,828	12,753	(1%)	19,608	20,619	5%	3.54%	3.90%
Housing Finance	834	1,454	74%	1,567	2,947	88%	0.56%	1.59%
Wholesale Finance	4,164	9,333	124%	16,645	21,659	30%	2.40%	2.30%
Total	17,826	23,540	32%	37,820	45,225	20%	2.93%	3.01%

Asset quality has remained largely stable despite the seasonal impact of an increase in delinquency in the rural products portfolio.

Profit after Taxes

The profit growth has been aided by consistent and steady improvement in margins in the retail business, healthy fee income and stable operating expenses across lending businesses. This growth has been despite the increased provisions made to strengthen the balance sheet. Net Interest Margins (NIMs) for the lending business are at Rs 623 Cr (5.66%) this quarter compared to Rs 479 Cr (5.23%) in the same quarter last year.

Business	PAT (Rs Cr)			Y-o-Y Growth
	Q3FY14	Q2FY15	Q3FY15	
Retail & Mid-Market Finance	63	88	98	56%
Housing Finance	(3)	8	7	-
Wholesale Finance	68	90	81	19%
Investment Management	1	0	2	-
Others	(19)	(4)	(6)	-
PAT (before exceptional items)	110	182	182	66%

Outlook:

The impact of policy decisions and reform measures being undertaken by the government is expected to be visible on the ground only by the first half of next fiscal. Our focus in the interim will remain on strengthening the balance sheet and be prepared to effectively take advantage of the upcoming growth cycle. While the current quarter has seen significant asset accretion in the wholesale business, we expect a slight moderation in asset growth in the next quarter on the back of sell down of certain underwritten projects. We expect to achieve a healthy asset growth of around 20% for this financial year. We expect to see a consistent and steady improvement in return metrics supported by the ability to maintain current margins, healthy stream of fee income, stable operating expense ratios and improvement in asset quality.

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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