

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,
1st 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.

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 FOCUS DELIVER



Redefined

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



L&T Financial Services

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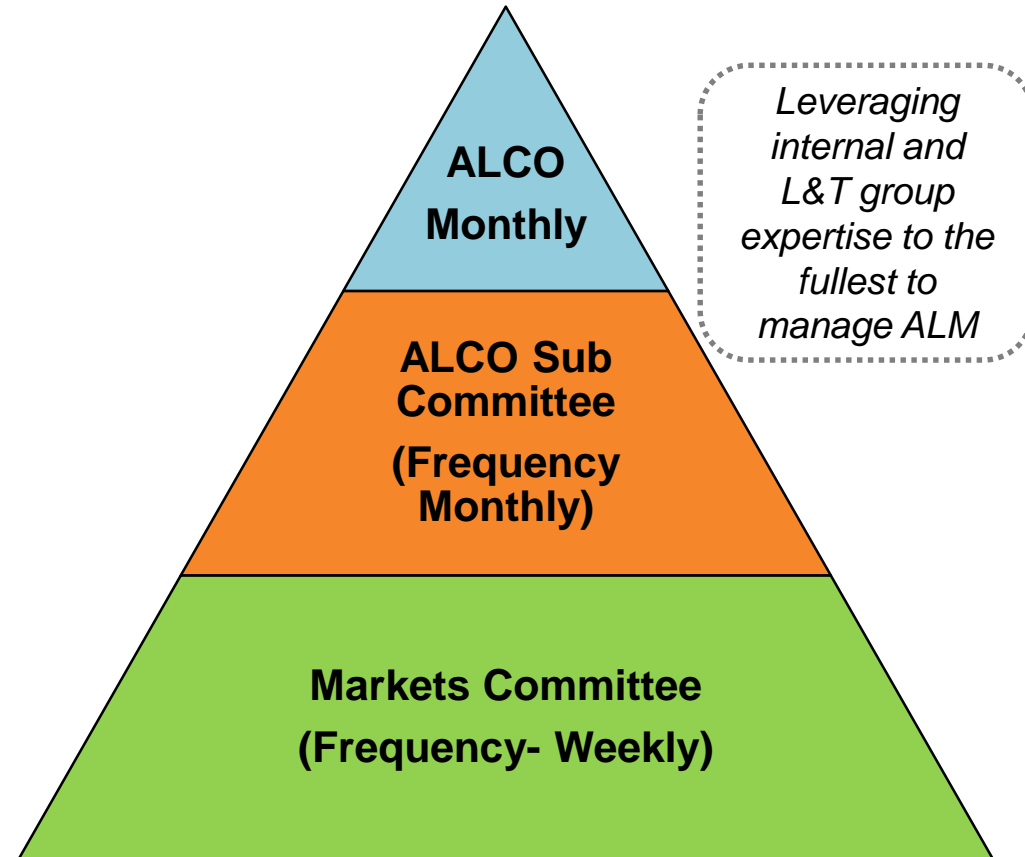
The financials provided in this presentation are management representation and includes audited and unaudited numbers based on internal financial information system of the Company. These financials are based on restatement of certain line items in the consolidated financial statements of the Company and describe the manner in which the management of the Company monitors the financial performance of the Company. There is a possibility that these financials for the current and previous periods may require adjustments due to changes in financial reporting requirements arising from new standards, guidelines issued by the Ministry of Corporate Affairs and RBI or changes in the use of one or more optional exemptions from full retrospective application of certain IND AS permitted under IND AS-101.

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

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

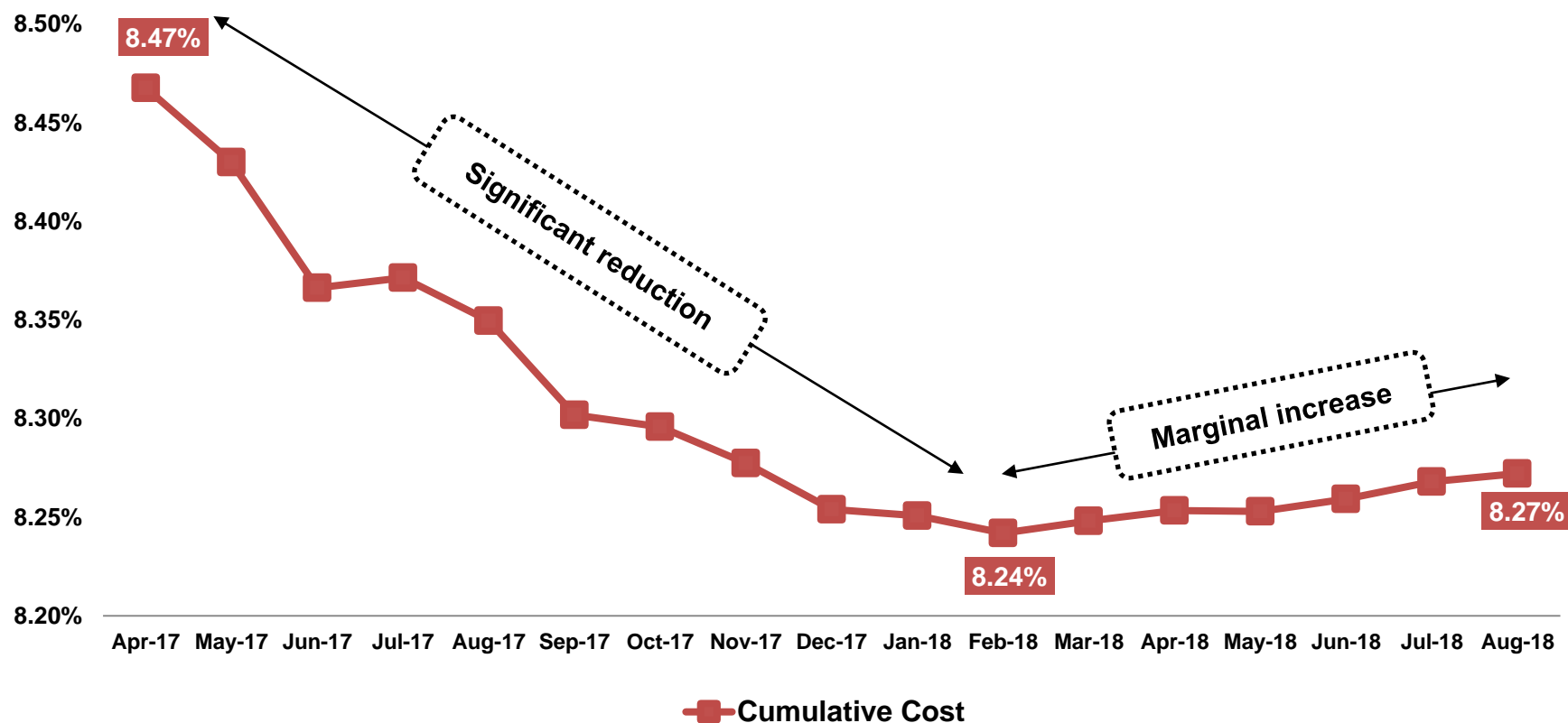
Proactive liability management

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

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

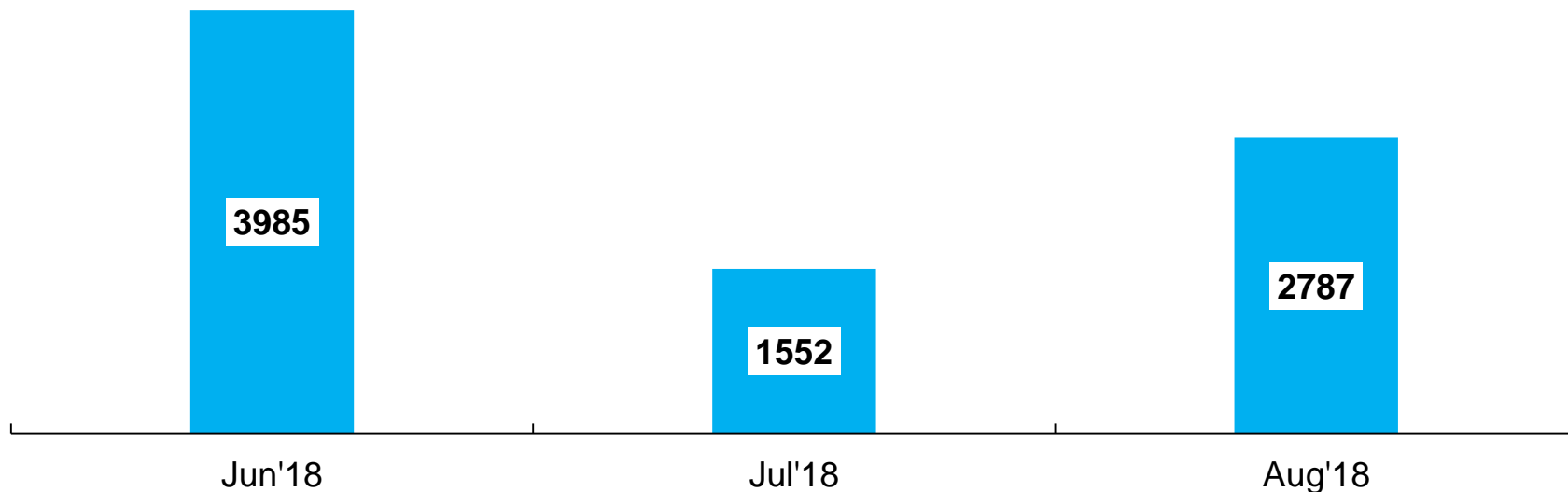
Particulars	Up to 1 year (Rs. Cr)
Re-pricable Assets (a)	~60,000
Re-pricable Liabilities (b)	~ 50,000
Gap (a-b) – POSITIVE	~10,000

- ~ 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

