

DELOITTE HASKINS & SELLS LLP

Chartered Accountants
One International Center, Tower 3
27th – 32nd Floor, Senapati Bapat Marg
Elphinstone Road (West)
Mumbai 400013.

B. K. KHARE & CO.

Chartered Accountants
706/708, Sharda Chambers
New Marine Lines
Mumbai 400004.

INDEPENDENT AUDITORS' REVIEW REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL RESULTS**TO THE BOARD OF DIRECTORS OF L&T FINANCE HOLDINGS LIMITED**

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of **L&T FINANCE HOLDINGS LIMITED** (the "Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as the "Group"), for the quarter and nine months ended December 31, 2020 (the "Statement") being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements ("SRE") 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India ("ICAI"). A review of interim financial information consists of making inquiries, primarily of Parent's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

4. The Statement includes the results of the following entities:

Sr. No.	Name of the Company	Nature of relationship
1	L&T Finance Holdings Limited	Holding
2	L&T Finance Limited	Subsidiary
3	L&T Infrastructure Finance Company Limited	Subsidiary
4	L&T Housing Finance Limited	Subsidiary
5	L&T Infra Debt Fund Limited	Subsidiary
6	L&T Infra Investment Partners Advisory Private Limited	Subsidiary
7	L&T Infra Investment Partners Trustee Private Limited	Subsidiary
8	L&T Investment Management Limited	Subsidiary
9	L&T Mutual Fund Trustee Limited	Subsidiary
10	L&T Capital Markets Limited (divestment of entire stake from April 24, 2020)	Subsidiary
11	L&T Financial Consultants Limited	Subsidiary
12	Mudit Cement Private Limited	Subsidiary
13	L&T Infra Investment Partners Fund	Subsidiary
14	L&T Capital Markets (Middle East) Limited (liquidated on December 17, 2020)	Subsidiary

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of the other auditors referred to in paragraph 7 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. We draw attention to Note 7 to the consolidated financial results in which the Group describes the uncertainties arising from the COVID 19 pandemic.

Our conclusion on the Statement is not modified in respect of this matter.

7. We did not review the interim financial information/financial results of six subsidiaries included in the Statement, whose interim financial information/financial results reflect total revenues of Rs. 168.24 crore and Rs. 402.66 crore for the quarter and nine months ended December 31, 2020 respectively, total net profit after tax of Rs. 87.58 crore and Rs. 188.97 crore for the quarter and nine months ended December 31, 2020 respectively and total comprehensive income of Rs. 87.80 crore and Rs. 190.17 crore for the quarter and nine months ended December 31, 2020 respectively, as considered in the Statement. These interim financial information/ financial results have been reviewed by the other auditors whose reports have been furnished to us by the Management, and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above.

Our conclusion on the Statement is not modified in respect of this matter.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Neville M. Daruwalla
(Partner)
(Membership No. 118784)
(UDIN: 21118784AAAAAC8688)

Mumbai, January 15, 2021

For B. K. KHARE & CO.

Chartered Accountants
(Firm's Registration No. 105102W)

Shirish Rahalkar
(Partner)
(Membership No. 111212)
(UDIN:21111212AAAAET5902)



Mumbai, January 15, 2021

L&T FINANCE HOLDINGS LIMITED

CIN: L67120MH2008PLC181833

Regd. Office : Brindavan, Plot No. 177, C.S.T. Road, Kalina, Santacruz (East), Mumbai - 400 098, Maharashtra, India

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(₹ in Crore)

STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2020							
Sr. No.	Particulars	Quarter ended			Nine months ended		Year ended
		December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019	March 31, 2020
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	Revenue from operations						
(i)	Interest income	3,304.44	3,281.56	3,357.54	9,881.24	9,964.69	13,244.74
(ii)	Dividend income	0.01	0.01	0.02	0.03	0.10	0.12
(iii)	Rental income	1.00	1.17	1.12	3.68	7.40	9.03
(iv)	Fees and commission income	154.02	121.55	219.04	356.80	654.43	812.39
(v)	Net gain on fair value changes	7.37	2.61	51.18	19.05	193.64	109.22
(vi)	Net gain on derecognition of financial instruments under amortised cost category	36.59	1.20	1.74	37.79	16.23	-
(I)	Total revenue from operations	3,503.43	3,408.10	3,630.64	10,298.59	10,836.49	14,175.50
(II)	Other income	118.73	100.81	105.15	230.01	300.65	372.63
(III)	Total income (I+II)	3,622.16	3,508.91	3,735.79	10,528.60	11,137.14	14,548.13
	Expenses						
(i)	Finance costs	1,723.82	1,888.78	1,889.57	5,590.80	5,710.46	7,513.60
(ii)	Fees and commission expenses	-	-	3.12	-	6.34	17.51
(iii)	Net loss on fair value changes	51.34	164.39	2.03	354.54	69.84	107.53
(iv)	Net loss on derecognition of financial instruments under amortised cost category	81.03	63.89	107.96	190.79	188.06	274.22
(v)	Impairment on financial instruments	925.97	604.52	481.13	2,474.01	1,492.21	1,994.19
(vi)	Employee benefits expense	257.70	236.20	282.66	735.49	791.96	1,062.32
(vii)	Depreciation, amortisation and impairment	21.01	25.16	28.46	64.76	60.12	81.59
(viii)	Other expenses	212.62	196.94	215.64	566.86	594.01	817.09
(IV)	Total expenses	3,273.49	3,179.88	3,010.57	9,977.25	8,913.00	11,868.05
(V)	Profit before exceptional items and tax (III-IV)	348.67	329.03	725.22	551.35	2,224.14	2,680.08
(VI)	Exceptional items (refer note 4)	-	-	-	225.61	-	-
(VII)	Profit before tax (V+VI)	348.67	329.03	725.22	776.96	2,224.14	2,680.08
(VIII)	Tax expense:						
(1)	Current tax (refer note 10)	(6.59)	242.81	247.46	486.40	625.16	632.50
(2)	Deferred tax	67.51	(161.50)	(113.71)	(392.35)	(189.80)	(126.06)
(IX)	Profit before impact of change in the rate on opening deferred tax (VII-VIII)	287.75	247.72	591.47	682.91	1,788.78	2,173.64
(X)	Impact of change in the rate on opening deferred tax	-	-	-	-	473.38	473.38
(XI)	Profit after tax (IX-X)	287.75	247.72	591.47	682.91	1,315.40	1,700.26
(XII)	Add: Share in profit of associate company	-	-	-	-	-	-
(XIII)	Profit after tax and share in profit of associate company (XI+XII)	287.75	247.72	591.47	682.91	1,315.40	1,700.26
	Profit for the period/ year attributable to:						
	Owners of the company	290.66	265.12	591.03	704.09	1,314.02	1,700.17
	Non-controlling interest	(2.91)	(17.40)	0.44	(21.18)	1.38	0.09
(XIV)	Other comprehensive income	48.57	(6.87)	0.79	66.12	(43.24)	(159.36)
	A (i) Items that will not be reclassified to profit or loss						
	(a) Remeasurements of the defined benefit plans (net of tax)	(1.56)	2.96	(0.18)	2.22	(2.20)	(4.59)
	(b) Equity instruments through other comprehensive income	-	33.14	(20.16)	55.05	(20.16)	(56.16)
	B (i) Items that may be reclassified to profit or loss						
	(a) Debt instruments through other comprehensive income (net of tax)	3.51	(18.50)	1.95	(1.77)	(5.15)	0.16
	(b) The effective portion of gains and loss on hedging instruments in a cash flow hedge	46.64	(24.26)	19.13	10.88	(15.87)	(99.54)
	(c) Exchange differences in translating the financial statements of foreign operations (net)	(0.02)	(0.21)	0.05	(0.26)	0.14	0.77
	Other comprehensive income for the period/ year attributable to:						
	Owners of the company	48.57	(6.87)	0.79	66.12	(43.24)	(159.36)
	Non-controlling interest	-	-	-	-	-	-
(XV)	Total comprehensive income (XIII+XIV)	336.32	240.85	592.26	749.03	1,272.16	1,540.90
	Total comprehensive income for the period/ year attributable to:						
	Owners of the company	339.23	258.25	591.82	770.21	1,270.78	1,540.81
	Non-controlling interest	(2.91)	(17.40)	0.44	(21.18)	1.38	0.09
(XVI)	Paid-up equity share capital (face value of ₹ 10 each) (refer note 11)	2,006.98	2,006.53	2,000.51	2,006.98	2,000.51	2,004.83
(XVII)	Other equity	-	-	-	-	-	12,687.59
(XVIII)	Earnings per share (*not annualised):						
(a)	Basic (₹)	* 1.45	* 1.32	* 2.95	* 3.51	* 6.57	8.50
(b)	Diluted (₹)	* 1.45	* 1.32	* 2.95	* 3.50	* 6.55	8.46

Notes:

- These consolidated financial results have been prepared in accordance with the recognition and measurement principles of Indian Accounting Standard ("Ind AS") prescribed under section 133 of the Companies Act 2013 (the "Act") read with relevant rules issued thereunder and the other accounting principles generally accepted in India.
- These consolidated financial results have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on January 15, 2021. The Joint Statutory Auditors of the Company have carried out a limited review of the aforesaid results.
- The Company reports quarterly financial results of the group on a consolidated basis, pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended read with circular dated July 5, 2016. The standalone financial results are available on the website of the Company at www.ltf.com, the website of BSE Limited ("BSE") at www.bseindia.com and on the website of National Stock Exchange of India Limited ("NSE") at www.nseindia.com. The specified items of the standalone financial results of the Company for the quarter and nine months ended December 31, 2020 are given below.

(₹ in Crore)

Particulars	Quarter ended			Nine months ended		Year ended
	December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019	March 31, 2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Total income	21.01	20.61	42.94	66.30	109.63	522.38
Profit/(loss) before tax	(30.00)	(34.59)	(19.26)	109.71	(57.95)	283.74
Profit/(loss) after tax	(27.63)	(41.10)	(25.43)	57.18	(73.00)	266.81
Total comprehensive income	(27.63)	(40.98)	(25.44)	57.31	(73.09)	266.70

- 4 Exceptional item during the nine months ended December 31, 2020 represents net gain of ₹ 225.61 crore on the divestment of entire stake in the subsidiary company, L&T Capital Markets Limited. The transaction was concluded on April 24, 2020.
- 5 During the nine months ended December 31, 2020, 8.15% Cumulative Compulsorily Redeemable Preference Shares (CRPS) amounting to ₹ 600.00 crore have been redeemed. The Company has paid dividend of ₹ 5.08 crore on redeemed Preference Shares.
- 6 Moratorium in accordance with the Reserve Bank of India (RBI) guidelines:
Moratorium was granted by the L&T Financial Services Group on the payment of instalments falling due between March 1, 2020 and August 31, 2020 to the eligible borrowers pursuant to the guidelines issued by Reserve Bank of India ("RBI") dated, March 27, 2020, April 17, 2020 and May 23, 2020 relating to COVID-19 Regulatory Package. The Group has taken into account the repayment behaviour and delinquencies in respect of such borrowers in stating its loan assets and estimating the corresponding allowance for expected credit loss.
- 7 Estimation of uncertainty relating to COVID-19 global health pandemic:
In assessing the recoverability of loans, receivables, intangible assets and investments, the L&T Financial Services Group has considered internal and external sources of information upto the date of approval of these consolidated financial results. The Group has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the Group expects to recover the carrying amount of these assets. The eventual outcome of impact of the global health pandemic may be different from those estimated as on the date of approval of these financial results and the Group will continue to monitor any material changes to the future economic conditions. The Group has developed estimates and applied management overlays for the purpose of determination of the provision for impairment of financial assets.
- 8 Resolution Framework for COVID-19-related Stress:
During the quarter ended December 31, 2020, the L&T Financial Services Group has invoked resolution plans to relieve COVID-19 pandemic related stress to eligible borrowers with a total outstanding of ₹ 1,437.50 crore as of December 31, 2020. The resolution plans are based on the parameters laid down in accordance with the resolution policy approved by the Board of Directors of the concerned subsidiary companies in accordance with the guidelines issued by the RBI on August 6, 2020. While the resolution plans have been invoked, the implementation is expected to be carried out within the timeframe permitted by RBI's guidelines. As of December 31, 2020, ₹ 1,224.60 crore of these loan assets, where the resolution plans have not been implemented, are classified in accordance with the Group's provisioning policy in this regard and the allowance for expected credit loss is made accordingly.
- 9 Scheme for grant of ex-gratia payment:
During the quarter and period, the L&T Financial Services Group has credited accounts of or remitted amounts to eligible borrowers under the Scheme amounting to ₹ 109.06 crore in accordance with the Scheme of the Government of India for grant of ex-gratia being the difference between compound interest and simple interest for a period of six months to borrowers in specified loan accounts for the period commencing on March 01, 2020 and ending on August 31, 2020.
- 10 The Central Board of Direct Taxes ("CBDT") notified in its gazette on 11th September 2020 that L&T Infra Debt Fund Limited as an Infrastructure Debt Fund under section 10(47) of the Income Tax Act, 1961 for the assessment year 2018-19 and subsequent assessment years. This notification entitles the Company for exemption of its income from income tax on and from the assessment year 2018-19. The Company has also further applied to the CBDT to give effect to the notification under section 10(47) retrospectively from the financial year 2013-14 (i.e. the year in which it received RBI registration as NBFC-IDF) on the basis that it had complied with the applicable guidelines during that period as well. Pending approval, a provision of ₹ 23.32 crore has been held for earlier assessment years. The contingent liability in respect of the earlier years is ₹ 35.65 crore.
- 11 The Company, during the quarter and nine months ended December 31, 2020 has allotted 446,473 and 2,145,465 equity shares respectively of ₹ 10 each, fully paid up, on exercise of options by employees, in accordance with the Company's Employee Stock Option Scheme(s).
- 12 Consolidated segment wise revenue, result, total assets and total liabilities in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

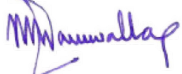
Sr. No.	Particulars	(₹ in Crore)					
		Quarter ended			Nine months ended		Year ended
		December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019	March 31, 2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	
	Gross segment revenue from continuing operations						
(a)	Rural finance	1,418.66	1,320.78	1,422.06	4,077.02	3,934.16	5,308.80
(b)	Housing finance	854.74	866.36	855.08	2,579.47	2,583.50	3,366.42
(c)	Infrastructure finance	999.63	1,009.82	1,083.88	3,066.65	3,372.22	4,385.01
(d)	Defocused business	90.83	108.80	158.22	319.08	594.50	665.70
(e)	Others	172.06	142.47	177.65	435.18	504.38	1,027.24
	Segment revenue from continuing operations	3,535.92	3,448.23	3,696.89	10,417.40	10,988.76	14,753.17
	Less: Inter segment revenue	(32.49)	(40.13)	(66.25)	(118.81)	(152.27)	(577.67)
	Revenue as per the statement of profit and loss	3,503.43	3,408.10	3,630.64	10,298.59	10,836.49	14,175.50
	Segment result (Profit/(loss) before tax)						
(a)	Rural finance	141.15	51.33	348.41	315.67	1,037.41	1,225.87
(b)	Housing finance	139.97	132.80	231.46	285.62	768.91	871.13
(c)	Infrastructure finance	150.92	93.95	190.44	267.55	723.50	919.45
(d)	Defocused business	(177.29)	19.54	(105.34)	(461.85)	(459.52)	(554.87)
(e)	Others	93.92	31.41	60.25	369.97	153.84	218.50
	Profit before tax	348.67	329.03	725.22	776.96	2,224.14	2,680.08
	Segment assets						
(a)	Rural finance	28,946.46	28,741.17	29,556.83	28,946.46	29,556.83	28,491.28
(b)	Housing finance	30,035.57	30,642.50	30,479.55	30,035.57	30,479.55	30,410.87
(c)	Infrastructure finance	43,290.44	41,465.60	39,359.82	43,290.44	39,359.82	41,705.39
(d)	Defocused business	3,754.03	4,278.10	5,828.41	3,754.03	5,828.41	5,230.76
(e)	Others *	12,426.66	12,694.77	12,633.38	12,426.66	12,633.38	12,878.62
	Sub total	1,18,453.16	1,17,822.14	1,17,857.99	1,18,453.16	1,17,857.99	1,18,716.92
	Less: Inter segment assets	(10,638.77)	(11,128.28)	(11,264.88)	(10,638.77)	(11,264.88)	(11,548.39)
	Segment assets	1,07,814.39	1,06,693.86	1,06,593.11	1,07,814.39	1,06,593.11	1,07,168.53
(f)	Unallocated	2,695.62	2,737.33	2,091.11	2,695.62	2,091.11	2,360.49
	Total assets	1,10,510.01	1,09,431.19	1,08,684.22	1,10,510.01	1,08,684.22	1,09,529.02
	Segment liabilities **						
(a)	Rural finance	24,919.89	24,861.98	25,552.23	24,919.89	25,552.23	24,613.00
(b)	Housing finance	26,098.11	26,797.53	26,621.07	26,098.11	26,621.07	26,631.96
(c)	Infrastructure finance	37,736.62	36,011.50	34,612.28	37,736.62	34,612.28	36,435.59
(d)	Defocused business	3,283.75	3,696.19	4,869.78	3,283.75	4,869.78	4,489.67
(e)	Others *	3,265.64	3,596.43	3,805.25	3,265.64	3,805.25	3,987.22
	Sub total	95,304.01	94,963.63	95,460.61	95,304.01	95,460.61	96,157.44
	Less: Inter segment liabilities	(622.67)	(1,090.70)	(1,410.71)	(622.67)	(1,410.71)	(1,429.19)
	Segment liabilities	94,681.34	93,872.93	94,049.90	94,681.34	94,049.90	94,728.25
(f)	Unallocated	319.52	403.29	28.57	319.52	28.57	108.35
	Total liabilities	95,000.86	94,276.22	94,078.47	95,000.86	94,078.47	94,836.60

* Includes group of assets and liabilities classified as held for sale

** Including non controlling interest

- (i) The Group has reported segment information as per Indian Accounting Standard 108 "Operating Segments" (Ind AS 108) read with SEBI circular dated July 5, 2016. The identification of operating segments is consistent with performance assessment and resource allocation by the management.
- (ii) Segment composition :
- Rural finance** comprises of Farm Equipment Finance, Two Wheeler Finance, Micro Loans and Consumer Finance.
Housing finance comprises of Home Loans, Loan against Property and Real Estate Finance.
Infrastructure finance comprises of Infrastructure business.
Defocused Business comprises of Structured Corporate Loans, Debt Capital Market, Commercial Vehicle Finance, Construction Equipment Finance, SME term loans and Leases.
Others comprises of Asset Management, Wealth Management etc.
Unallocated represents tax assets and tax liabilities
- 13 Previous period/year figures have been regrouped/reclassified to make them comparable with those of current period.

In terms of our report attached,
For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
FRN: 117366W/W-100018



Neville M. Daruwalla
Partner
Membership no. 118784

Place : Mumbai
Date : January 15, 2021

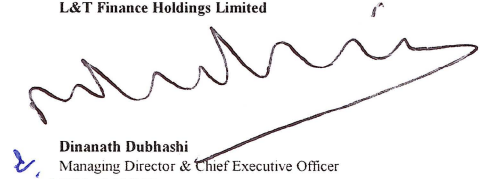
In terms of our report attached,
For B. K. KHARE & CO.
Chartered Accountants
FRN: 105102V



Shriish Rahalkar
Partner
Membership no. 111212

Place : Mumbai
Date : January 15, 2021

For and on behalf of the Board of Directors
L&T Finance Holdings Limited



Dinanath Dubhashi
Managing Director & Chief Executive Officer
DIN :03545900

Place : Mumbai
Date : January 15, 2021

PRESS RELEASE

L&T Finance Holdings Ltd. (LTFH) announces financial results for Q3FY21

- **Strong economic recovery across sectors led by Rural and Infrastructure:** Highest quarterly disbursements since Q1FY20, up by **51% QoQ**; Highest quarterly disbursement in Farm Equipment and Two-Wheeler Finance since FY17
 - Farm Equipment disbursements up **43% QoQ** at **Rs. 1,554 Cr** in Q3FY21 (vs. **Rs. 1,089 Cr** in Q2FY21)
 - Two-Wheeler disbursements up **50% QoQ** at **Rs. 1,652 Cr** in Q3FY21 (vs. **Rs. 1,102 Cr** in Q2FY21)
- **Increase in NIMs + Fees to 7.39%**, led by highest quarterly fees & other income in Rural, outcome of judicious treasury management and abundant market liquidity which led to a reduction in cost of borrowing
- **Significant reduction in cost of borrowing by 50bps QoQ** (from 8.32% in Q2FY21 to 7.82% in Q3FY21)
- **YoY reduction in GS3 from 5.94% to 5.12%** (vs 5.19% in Q2FY21); **NS3 reduced from 2.67% to 1.92%** (vs. 1.67% in Q2FY21)
- **PAT** in Q3FY21 saw a **10%** increase over Q2FY21 and stood at **Rs. 291 Cr**
- **Continue to carry additional provisions** (over and above PCR and standard asset provisions) of **Rs 1,739 Cr** (1.90%) on standard book as of Q3FY21
- **Rated AAA by CRISIL, ICRA, CARE and India Ratings**

Mumbai, 15 January 2021: The Board of L&T Finance Holdings (LTFH), a Non-Banking Financial Company (NBFC), present in lending businesses including Rural, Housing and Infrastructure finance, today announced the financial results for the quarter ended December 31, 2020.

LTFH is a market leader in Farm Equipment finance, and among the top five financiers in Two-Wheeler finance, number three financier in Micro Loans and one of the leading players in financing of Infrastructure sectors like renewables and roads. With a sustainable business model, data analytics led collection and disbursements, and a sharp focus on asset quality, the company remains committed to building a stable and sustainable organization for its consumers and other stakeholders.

Commenting on the financial results Mr. Dinanath Dubhashi, Managing Director & CEO, LTFH, said, "Post Covid, the rural economy has performed better than urban and this trend is reflected in our disbursements, which are almost at pre-covid levels. The festive season uptick and a steady recovery in collection volumes also underline our rural performance. Our strong performance in Infra disbursements should be seen alongside the sell-down volumes, which have increased on a YoY basis. It allows us to generate more fee income while proportionately reduces the need for allocating higher capital."

L&T Finance Holdings Limited

Registered Office

Brindavan, Plot No. 177, C.S.T Road
Kalina, Santacruz (East)
Mumbai 400 098, Maharashtra, India
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Key Highlights of Q3FY21:

The quarter saw a strong economic recovery across sectors led by rural and infrastructure. Higher farmer income, positive rural sentiment, combined with the festive season helped maintain market share in farm equipment and two-wheeler finance.

A. Disbursements: The company witnessed excellent pick-up in disbursements across businesses and has achieved highest quarterly disbursement since Q1FY20.

- **Rural Finance:** The quarter witnessed steady QoQ & YoY improvements in disbursements across Farm Equipment Finance and Two-Wheeler Finance.
 - a. Farm Equipment Finance: Disbursements grew at **43% QoQ** (13% YoY), which was the highest quarterly disbursement since FY17. It witnessed increased business from top dealers on the back of strengthened Trade Advance (TA) proposition
 - b. Two-Wheeler Finance: Disbursement growth was at **50% QoQ** (10% YoY) and the business continues to see growth momentum
 - c. Micro Loans (ML): Strong pickup in ML disbursements QoQ, up **53%**, owing to improved collection efficiency. However, disbursements were down **19%** YoY as focus remained on existing customers
- **Housing Finance:**
 - a. The Home Loan business which is focused largely on the salaried segment and direct sourcing, witnessed moderate pickup in disbursements. Home loans to the salaried segment constituted **94%** of Q3FY21 disbursements, standing at approx. **93%** of Q3FY20 levels
 - b. Real Estate: Continued to be selective in disbursements with focus on providing support to existing projects to ensure project completion
- **Infrastructure Finance:** Highest quarterly disbursement since Q1FY19. The business continues to maintain strong emphasis on portfolio monitoring and disbursement focus towards existing projects completion.

B. Liquidity: Astute treasury management and abundant market liquidity has helped in reducing cost of borrowing, leading to increase in NIMs + Fees to reach **7.39%**

- Reduction in cost of borrowing by **50bps** QoQ (from 8.32% in Q2FY21 to 7.82% in Q3FY21)
- Maintained lower average liquid assets during the quarter
- Prepayment for high cost borrowing and renegotiation of interest rates

AAA rating and strong parentage has helped LTFH bring down the cost of funds this quarter. As of December 2020, the company maintained **Rs. 16,442 Cr** of liquidity including assets in the form of cash, FDs and other liquid investments of **Rs. 7,709 Cr**

C. Highest Credit Ratings: A diversified business presence, strategic importance to L&T, strong resource raising ability and adequate capitalization resulted in LTFH and all its lending subsidiaries' long-term ratings rated '**AAA**' by all four rating agencies:

- a. **CRISIL** – May 2020 and in December 2020
- b. **CARE** - October 2020
- c. **India Ratings** - September 2020
- d. **ICRA** - September 2020

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D. Balance Sheet: LTFH continues to maintain a strong capital adequacy of **21.82%**. Furthermore, the ongoing traction in our analytics-based collection efforts augurs well with our objective of building a strong balance sheet.

The Gross Stage 3 assets of the company stood at **5.12%** in Q3FY21 of its book, showing a reduction of **82bps** YoY. The company also strengthened the PCR on Stage 3 assets from **57%** in Q3FY20 to **64%** in Q3FY21.

Period	Q3FY20	Q2FY21	Q3FY21
Gross Stage 3	5,662	4,921	4,935
Net Stage 3	2,458	1,530	1,791
Gross Stage 3%	5.94	5.19	5.12
Net Stage 3%	2.67	1.67	1.92
Provision Coverage %	57	69	64

As a prudent measure, LTFH continues to carry the additional provisions of **Rs. 1,739 Cr** in Q3FY21. This is on account of macro prudential provisions, COVID-19 and accelerated Expected Credit Losses (ECL) provisions on Stage 1 & 2 assets, which are over and above the ECL model on GS3 and Stage 1 & 2 assets.

E. Focused Lending Book: Within the focused lending book, the Rural Finance book grew by **4%** YoY, aided by growth in Farm Equipment Finance book by **18%**, and the Two-Wheeler Finance book by **9%**. The Home Loan segment grew by **3%** YoY.

Rs. Cr	Q3FY20	Q3FY21	Book Growth (%)
Focused Lending Business			
Rural Finance	27,594	28,828	4
Housing Finance	26,689	26,174	(2)
Infrastructure Finance	39,674	41,456	4
Total Focused Book	93,956	96,459	3
Defocused Businesses	5,497	3,640	(34)
Total Lending Book	99,453	1,00,099	1

The Average Assets under Management (AAUM) of the Investment Management business stood at **Rs.68,976 Cr** in Q3FY21. The AUM for Equity and Fixed Income asset classes as on 31 December 2020 stood at **Rs. 38,906 Cr** and **Rs. 22,483 Cr**, with a growth of **9%** and **20%**, respectively, QoQ basis.

Financial Performance:

LTFH is focused on leveraging the power of data and analytics to build a 'collection-led disbursement' model, which, along with economic recovery in the rural segment, has led to a significant improvement in collection efficiency and a strong pickup in disbursements (QoQ). The sentiment continues to remain positive in the rural sector.

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The company posted a consolidated PAT of **Rs. 291 Cr** in Q3FY21, a **10%** increase QoQ, from **Rs. 265 Cr** in Q2FY21

- PAT in **Q3FY21** saw a **51%** reduction YoY, from **Rs. 591 Cr in Q3FY20**
- **NIMs + Fees** at **7.39%** (Q3FY21) vs **7.29%** (Q3FY20), highest ever since FY17
- Reduction in **GS3** from **5.94%** to **5.12%** YoY; **NS3** reduced from **2.67%** to **1.92%** YoY; Increase in **PCR** from **57%** to **64%** YoY
- The cost of funds has gone down by nearly **50 bps** for the entire book from **8.32%** in Q2FY21 to **7.82%** in Q3FY21

Mr. Dubhashi further added, “In the long term, structural changes such as government initiatives, normal monsoons and better infrastructure will continue to improve financial health in rural. We will maintain focus on capitalizing on our market leadership position in Farm Equipment and Two-Wheeler Finance to drive business volumes.”

About L&T Finance Holdings:

LTFH (www.ltfs.com) is a financial holding company offering a focused range of financial products and services across rural, housing and infrastructure finance sectors, as well as in mutual fund products, through its wholly-owned subsidiaries, viz., L&T Finance Ltd., L&T Housing Finance Ltd., L&T Infrastructure Finance Company Ltd., L&T Infra Debt Fund Limited and L&T Investment Management Ltd. LTFH is registered with RBI as a CIC-ND-SI⁽¹⁾. L&T Infrastructure Debt Fund is indirectly wholly-owned subsidiary of LTFH with 100% of its shareholding held by LTFH, along with its wholly-owned subsidiaries.

LTFH is promoted by Larsen & Toubro Ltd. (L&T) (www.larsentoubro.com), one of the leading companies in India, with interests in heavy engineering, construction, electrical & automation, IT and financial services.

[1] Systemically Important Core Investment Company, a classification of Non-Banking Financial Company (NBFC) by RBI.

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