

DELOITTE HASKINS & SELLS LLP
Chartered Accountants
Indiabulls Finance Centre, 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 AUDITOR'S 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 six months ended September 30, 2019 (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.

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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 Limited	Subsidiary
2	L&T Infrastructure Finance Company Limited	Subsidiary
3	L&T Housing Finance Limited	Subsidiary
4	L&T Infra Debt Fund Limited	Subsidiary
5	L&T Infra Investment Partners Advisory Private Limited	Subsidiary
6	L&T Infra Investment Partners Trustee Private Limited	Subsidiary
7	L&T Investment Management Limited	Subsidiary
8	L&T Mutual Fund Trustee Limited	Subsidiary
9	L&T Capital Markets Limited	Subsidiary
10	L&T Financial Consultants Limited	Subsidiary
11	Mudit Cement Private Limited	Subsidiary
12	L&T Infra Investment Partners Fund	Subsidiary
13	L&T Capital Market (Middle East) Limited	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 6 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 did not review the interim financial results of six subsidiaries included in the consolidated unaudited financial results, whose interim financial results reflect total assets of ₹1,322.79 crore as at September 30, 2019, total revenues of ₹137.37 crore and ₹265.37 crore for the quarter and six months ended September 30, 2019 respectively, total net profit after tax of ₹59.50 crore and ₹118.41 crore for the quarter and six months ended September 30, 2019 respectively, total comprehensive income of ₹59.83 crore and ₹118.74 crore for the quarter and six months ended September 30, 2019 respectively and net cash flows of ₹0.35 crore for the six months ended September 30,

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2019, as considered in the Statement These interim 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 report of the other auditors and the procedures performed by us as stated in paragraph 3 above.

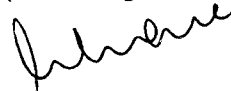
Our conclusion on the Statement is not modified in respect of these matters.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)



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Rupen K. Bhatt
(Partner)
(Membership No. 046930)
UDIN: 19046930AAAAEC5660
Mumbai, October 18, 2019

For B. K. KHARE & CO.
Chartered Accountants
(Firm's Registration No. 105102W)



Padmini Khare Kaicker
(Partner)
(Membership No. 044784)
UDIN: 19044784AAAADC7360
Mumbai, October 18, 2019

L&T FINANCE HOLDINGS LIMITED

CIN: 167120MH2008PLC181843

Regd. Office : Brindavan, Plot No. 177, C.S.T. Road, Kalina, Santacruz (E-III), Mumbai - 400 098, Maharashtra, India
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(₹ in Crore)

Sr. No.	Particulars	Quarter ended				Year ended March 31, 2019 (Audited)
		September 30, 2019		September 30, 2018		
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
	Revenue from operations					
(i)	Interest income	3,294.38	3,312.77	2,822.34	6,607.15	5,492.24
(ii)	Dividend income	0.05	0.03	0.18	0.08	0.19
(iii)	Rental income	2.51	3.77	6.28	6.28	10.54
(iv)	Fees and commission income	210.36	225.03	293.80	435.39	795.50
(v)	Net gain on fair value changes	89.52	32.94	-	142.46	27.52
(vi)	Net loss on derecognition of financial instruments under amortised cost	14.49	-	-	14.49	-
(I)	Total revenue from operations	3,611.31	3,594.54	3,219.89	7,205.85	6,325.99
(II)	Other income	100.54	94.96	82.46	195.50	146.78
(III)	Total income (I+II)	3,711.85	3,689.50	3,302.35	7,401.35	6,472.77
	Expenses					
(i)	Finance costs	1,897.95	1,922.94	1,649.48	3,820.89	3,161.68
(ii)	Fees and commission expenses	-	3.22	134.80	3.22	283.96
(iii)	Net loss on fair value changes	67.81	-	129.49	67.81	230.46
(iv)	Net loss on derecognition of financial instruments under amortised cost category	30.19	49.91	74.45	80.10	243.90
(v)	Impairment on financial instruments	480.56	530.52	127.71	1,011.08	281.57
(vi)	Employee benefits expense	265.53	245.77	215.96	509.30	379.07
(vii)	Depreciation, amortisation and impairment	15.89	15.77	11.75	31.66	23.41
(viii)	Other expenses	199.63	178.74	163.07	378.27	341.90
(IX)	Total expenses	2,955.56	2,946.87	2,504.71	5,902.43	4,945.95
(X)	Profit before exceptional items and tax (III-IV)	756.29	742.63	797.64	1,498.92	1,526.82
(XI)	Exceptional items	-	-	-	-	-
(XII)	Profit before tax (V-VI)	756.29	742.63	797.64	1,498.92	1,526.82
(XIII)	Tax expense:					
(1)	Current tax	240.59	137.11	102.32	377.70	244.89
(2)	Deferred tax	(132.19)	56.10	136.20	(76.09)	182.98
(IX)	Net profit before impact of rate change on opening deferred tax (VII-VIII)	647.89	549.42	559.12	1,197.31	1,098.95
(X)	Impact of change in the rate on opening deferred tax (Refer note 6)	473.38	-	-	473.38	-
(XI)	Net profit after tax (IX-X)	174.51	549.42	559.12	723.93	1,098.95
(XII)	Add: Share in profit of associate company	-	-	-	-	-
(XIII)	Net profit after tax and share in profit of associate company (XI+XII)	174.51	549.42	559.12	723.93	1,098.95
	Profit/(loss) for the period attributable to:					
	Owners of the company	174.20	548.79	560.41	722.99	1,098.79
	Non-controlling interest	0.31	0.63	(1.29)	0.94	0.16
(XIV)	Other comprehensive income	(14.34)	(29.69)	(28.19)	(44.03)	(29.92)
	A (i) Items that will not be reclassified to profit or loss					
	(a) Remeasurements of the defined benefit plans (net of tax)	(1.70)	(0.32)	0.85	(2.02)	0.61
	B (i) Items that may be reclassified to profit or loss					
	(a) Debt instruments through other comprehensive income (net of tax)	12.93	(20.03)	(29.02)	(7.10)	(30.53)
	(b) The effective portion of gains and loss on hedging instruments in a cash flow hedge (net of tax)	(25.71)	(9.29)	-	(35.00)	-
	(c) Exchange differences in translating the financial statements of foreign operations, net	0.14	(0.05)	-	0.09	-
	Other comprehensive income for the period attributable to:					
	Owners of the company	(14.34)	(29.69)	(28.19)	(44.03)	(29.92)
	Non-controlling interest	-	-	-	-	-
(XV)	Total comprehensive income (XIII+XIV)	160.17	519.73	530.93	679.90	1,069.03
	Total comprehensive income for the period attributable to:					
	Owners of the company	159.86	519.10	532.22	678.96	1,068.87
	Non-controlling interest	0.31	0.63	(1.29)	0.94	0.16
(XVI)	Paid-up equity share capital (face value of ₹ 10 each) (Refer note 7)	2,000.48	1,999.53	1,997.05	2,000.48	1,997.05
(XVII)	Other equity attributable to owners of the Company	-	-	-	-	-
(XVIII)	Earnings per share (*not annualised): (Refer note 7)					
(a)	Basic (₹)	*0.87	*2.74	*2.81	*3.62	*5.50
(b)	Diluted (₹)	*0.87	*2.74	*2.79	*3.60	*5.48

Notes:

1 Consolidated Statement of Assets and Liabilities as at September 30, 2019

Particulars	(₹ in Crore)	
	As at September 30, 2019	As at March 31, 2019
	(Unaudited)	(Audited)
ASSETS:		
(1) Financial assets		
(a) Cash and cash equivalents	2,784.83	1,826.65
(b) Bank balance other than (a) above	589.27	47.50
(c) Derivative financial instruments	24.26	7.20
(d) Receivables		
(i) Trade Receivables	104.33	106.37
(ii) Other Receivables	31.60	10.63
(e) Loans	93,374.24	91,324.63
(f) Investments	3,903.71	8,640.81
(g) Other financial assets	704.43	126.29
(2) Non-financial assets		
(a) Current tax assets (net)	572.54	642.97
(b) Deferred tax Assets (net)	1,392.38	1,777.15
(c) Investment property	366.08	367.66
(d) Property, plant and equipment	56.95	67.69
(e) Capital work-in-progress	2.61	-
(f) Intangible assets under development	45.26	38.65
(g) Goodwill	638.91	638.91
(h) Other intangible assets	45.49	53.04
(i) Other non-financial assets	369.27	378.95
TOTAL - ASSETS	105,006.16	106,055.10
LIABILITIES AND EQUITY:		
LIABILITIES		
(1) Financial liabilities		
(a) Derivative financial instruments	-	-
(b) Payables		
(i) Trade payables		
(ii) Total outstanding dues of micro enterprises and small enterprises	-	-
(iii) Total outstanding dues of creditors other than micro enterprises and small enterprises	54.22	120.05
(ii) Other payables		
(i) Total outstanding dues of micro enterprises and small enterprises	16.79	16.12
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	43,521.07	51,268.31
(c) Debt securities	41,491.24	35,785.15
(d) Borrowings (Other than debt securities)	5,037.57	4,453.52
(e) Subordinated liabilities	560.38	569.22
(f) Other financial liabilities		
(2) Non financial liabilities		
(a) Current tax liabilities (net)	26.64	33.51
(b) Provisions	56.88	42.04
(c) Deferred tax liabilities (net)	5.20	5.19
(d) Other non-financial liabilities	14.28	91.13
EQUITY		
(a) Equity share capital	2,000.48	1,998.81
(b) Other equity	11,980.36	11,449.79
(4) Non-controlling interest	221.05	222.26
TOTAL - LIABILITIES AND EQUITY	105,006.16	106,055.10

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2 Consolidated Statement of Cash Flows for the six months ended September 30, 2019

Particulars	₹ in Crore	
	As at September 30, 2019 (Unaudited)	As at September 30, 2018 (Unaudited)
Cash flow from operating activities		
Profit before tax	1,498.92	1,526.82
- Operating profit before working capital changes	2,599.25	2,321.49
Net cash used in operating activities (A)	(384.23)	(5,442.10)
Net cash generated from/ (used in) investing activities (B)	3,328.87	(4,882.56)
Net cash (used in) / generated from financing activities (C)	(1,986.41)	11,561.69
Net increase/(decrease) in cash and cash equivalents (A+B+C)	958.23	1,237.03
Cash and cash equivalents as at beginning of the period	1,826.65	1,049.39
Exchange difference on translation of foreign currency cash and cash equivalents	(0.05)	-
Cash and cash equivalents as at end of the period	2,784.83	2,286.42

- 3 These financial results have been prepared in accordance with the recognition and measurement principles of Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and the other accounting principles generally accepted in India
- 4 The results have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on October 18, 2019. The Joint Statutory Auditors of the Company have carried out limited review of the aforesaid results.
- 5 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.life.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 six months ended September 30, 2019 are given below.

Particulars	₹ in Crore					
	Quarter ended			Six months ended		
	September 30, 2019 (Unaudited)	June 30, 2019 (Unaudited)	September 30, 2018 (Unaudited)	September 30, 2019 (Unaudited)	September 30, 2018 (Unaudited)	Year ended March 31, 2019 (Audited)
Total income from operations	41.31	25.18	100.02	66.69	153.37	526.48
Profit/(loss) before tax	(13.34)	(25.35)	38.29	(38.69)	48.99	304.03
Profit/(loss) after tax	(17.62)	(29.95)	33.69	(47.57)	44.04	267.06
Total comprehensive income	(17.62)	(29.98)	33.85	(47.65)	44.35	266.74

- 6 The recently promulgated Taxation Laws (Amendment) Ordinance 2019, has inserted section 115BAA in the Income Tax Act, 1961, providing existing domestic companies with an option to pay tax at a concessional rate of 22% plus applicable surcharge and cess. The reduced tax rates come with the consequential surrender of specified deductions/incentives. The option needs to be exercised within the prescribed time for filing the return of income under section 139(1) of the Income Tax Act, 1961, for assessment year (AY) 2020-21 or subsequent AYs. Once exercised, such an option cannot be withdrawn for the same or subsequent AYs.

These financial results are prepared on the basis that the parent company and some of its subsidiaries would avail the option to pay income tax at the lower rate. Consequently, wherever applicable, the opening deferred tax asset (net) has been measured at the lower rate, with a one-time corresponding charge of ₹ 473.38 crore to the Statement of Profit and Loss.

- 7 The Company, during the quarter and six months ended September 30, 2019 has allotted 945,600 and 1,668,100 equity shares of ₹ 10 each, fully paid up, on exercise of options by employees, in accordance with the Company's Employee Stock Option Scheme(s).

- 8 During the quarter and six months ended September 30, 2019, following Cumulative Compulsorily Redeemable Preference Shares (CRPS) have been redeemed/ issued:

₹ in Crore					
S. No.	Particulars	Date	Amount	Rate	Dividend Paid
1	Issued	17 May 2019	145.40	8.00%	-
2	Issued	03 June 2019	63.70	7.95%	-
3	Redeemed	28 June 2019	124.40	8.50%	2.83
4	Redeemed	13 August 2019	60.00	8.50%	1.84
5	Issued	16 September 2019	100.00	7.95%	-
6	Issued	20 September 2019	150.00	7.95%	-
7	Issued	27 September 2019	150.00	7.95%	-

- 9 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			Six months ended		
		September 30, 2019 (Unaudited)	June 30, 2019 (Unaudited)	September 30, 2018 (Unaudited)	September 30, 2019 (Unaudited)	September 30, 2018 (Unaudited)	Year ended March 31, 2019 (Audited)
	Gross segment revenue from continuing operations						
(a)	Rural finance	1,272.22	1,239.88	975.21	2,512.10	1,810.66	4,064.18
(b)	Housing finance	848.70	879.72	719.23	1,728.42	1,390.76	3,018.21
(c)	Infrastructure finance	1,175.60	1,412.74	917.01	2,288.34	1,901.08	3,784.24
(d)	Defocused business	186.49	249.29	364.37	436.28	743.22	1,395.72
(e)	Others	176.74	149.09	359.66	326.73	647.52	1,303.00
	Segment revenue from continuing operations	3,659.75	3,632.12	3,335.48	7,291.87	6,493.24	13,565.85
	Less: Inter segment revenue	(48.44)	(37.38)	(115.59)	(86.02)	(86.02)	(167.25)
	Revenue as per the statement of profit and loss	3,611.31	3,594.54	3,219.89	7,205.85	6,325.99	12,989.72
	Segment result (Profit/(loss) before tax)						
(a)	Rural finance	344.68	344.32	294.78	689.00	522.18	1,151.50
(b)	Housing finance	257.23	280.22	269.96	537.45	493.95	1,084.10
(c)	Infrastructure finance	201.63	331.43	117.40	533.06	235.29	466.30
(d)	Defocused business	(95.75)	(258.43)	85.72	(354.18)	215.41	202.45
(e)	Others	48.50	45.09	29.78	93.59	59.99	147.63
	Profit before tax	756.29	742.63	797.64	1,498.92	1,526.82	3,051.98
	Segment assets						
(a)	Rural finance	27,041.06	26,464.84	21,307.90	27,041.06	21,307.90	25,517.39
(b)	Housing finance	28,580.65	28,403.91	24,183.80	28,580.65	24,183.80	27,575.72
(c)	Infrastructure finance	39,309.41	39,721.61	36,171.32	39,309.41	36,171.32	38,232.98
(d)	Defocused business	7,066.24	9,386.67	13,670.43	7,066.24	13,670.43	10,368.47
(e)	Others	11,927.54	11,430.31	12,711.76	11,927.54	12,711.76	11,650.33
	Sub total	113,915.90	115,427.34	108,645.21	113,915.90	108,645.21	113,544.89
	Less: Inter segment assets	(10,874.66)	(9,937.26)	(11,026.94)	(10,874.66)	(11,026.94)	(9,909.91)
	Segment assets	103,041.24	105,490.08	97,618.27	103,041.24	97,618.27	103,634.98
(f)	Unallocated	1,964.92	2,348.35	2,446.30	1,964.92	2,446.30	2,420.12
	Total assets	105,006.16	107,838.43	100,064.57	105,006.16	100,064.57	106,055.10
	Segment liabilities*						
(a)	Rural finance	23,269.27	22,928.22	19,060.01	23,269.27	19,060.01	22,181.29
(b)	Housing finance	24,886.16	24,956.73	21,613.91	24,886.16	21,613.91	24,321.31
(c)	Infrastructure finance	35,371.12	35,944.12	33,108.79	35,371.12	33,108.79	34,757.97
(d)	Defocused business	6,009.54	8,198.30	11,972.04	6,009.54	11,972.04	9,238.06
(e)	Others	3,163.88	2,547.51	4,141.48	3,163.88	4,141.48	2,806.57
	Sub total	92,699.97	94,575.08	89,896.23	92,699.97	89,896.23	93,299.20
	Less: Inter segment liabilities	(1,706.49)	(766.13)	(1,706.49)	(1,706.49)	(2,203.36)	(731.40)
	Segment liabilities	90,993.48	93,808.95	87,692.87	90,993.48	87,692.87	92,567.80
(f)	Unallocated	31.84	41.60	56.63	31.84	56.63	38.70
	Total liabilities	91,025.32	93,850.55	87,749.50	91,025.32	87,749.50	92,606.50

*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 and Micro Loans.

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

- 10 Previous periods/year figures have been regrouped/reclassified to make them comparable with those of current period.

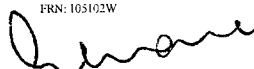
In terms of our report attached,
For DELOITTE HASKINS & SELLS LLP
Chartered Accountants



Rupen K. Bhatt
Partner

Place : Mumbai
Date : October 18, 2019

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



Padmini Khare Kaleker
Partner
Membership no. 044784

Place : Mumbai
Date : October 18, 2019

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 : October 18, 2019

Financial performance for the quarter ended September 30, 2019

PAT (Pre-DTA impact) at Rs. 647 Cr
RoE (Pre-DTA impact) stands at 18.13%
Assigned AAA rating by CRISIL
Reaffirmation of AAA rating by ICRA, CARE and India Ratings
ECB sanction of USD 100 Mn by AIIB in its first ever loan to an NBFC

Mumbai, October 18, 2019: L&T Finance Holdings (LTFH), a leading diversified Non-Banking Financial Company (NBFC), announced its results for the quarter ended September 30, 2019. With its advantage of robust balance sheet, strengthened risk profile and strong parentage, LTFH was able to deliver results on all key parameters.

Rating: LTFH and all its lending subsidiaries have AAA rating assigned/reaffirmed, despite the current environment of multiple downgrades across the sector.

- ✓ CRISIL assigned in October 2019
- ✓ India Ratings reaffirmed in September 2019
- ✓ ICRA reaffirmed in August 2019
- ✓ CARE reaffirmed in August 2019

Strong support and strategic importance to financial services business by the parent, presence across the financial services space and well diversified resource profile are the key rating drivers.

Liquidity: While liquidity concerns persisted in the economy, especially in the NBFC sector, LTFH was able to raise requisite long-term and short-term funds at competitive rates to meet its growth requirements.

1. Robust ALM Framework

- ✓ LTFH maintains positive ALM gaps in all buckets up to 1 year
- ✓ Continue to maintain positive gaps even under '1 in 10' stress scenario in 1-month bucket
- ✓ Maintains liquidity of Rs. 11,607 Cr (including Rs. 3,380 Cr in the form of cash, FDs and other liquid instruments)

2. Proactively diversified funding sources

- ✓ IFC led ECB of USD 275 Mn (Tranche 1) raised in Q1FY20 and USD 100 Mn (Tranche 2) in Q2FY20
- ✓ Additional ECB sanction of USD 160 Mn in Q2FY20, including USD 100 Mn from Asian Infrastructure Investment Bank (AIIB). This is their first loan to any private sector company or NBFC in India
- ✓ Effectively tapped PSL funding of Rs. 1,425 Cr in Q2FY20, on the back of recent RBI guidelines

L&T Finance Holdings Limited**Registered Office**

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Growth in businesses: The Company continues to build strengths in businesses where it has a clear 'Right to Win'. The scalability of our focused businesses and their profitability, which is key to delivering a sustainable RoE, have been at the core of our overall business strategy. This strategy has helped the Company to become a prominent player in its core lending businesses i.e. Rural Finance, Housing Finance and Infrastructure Finance.

- ✓ Focused lending book saw a growth of 19% in Q2FY20

	Q2FY19 (Rs. Cr)	Q2FY20 (Rs. Cr)	Book Growth (%)
Focused Lending Businesses			
Rural Finance	21,433	26,597	24%
Housing Finance	21,718	26,986	24%
Infrastructure Finance	34,851	39,472	13%
Total Focused book	78,003	93,055	19%
Defocused Lending Businesses	13,198	7,203	(45%)
Total Lending Book	91,201	1,00,258	10%

- ✓ Investment Management: Average Assets under Management (AAUM) has decreased by 6% from Rs. 73,754 Cr in Q2FY19 to Rs. 69,213 Cr in Q2FY20
- ✓ Wealth Management: Assets under Service (AUS) has increased to Rs. 26,309 Cr in Q2FY20 from Rs. 21,065 Cr in Q2FY19 – growth of 25%

Business realignment with focus on 'Right to Win': In line with our strategy of growing in businesses where we have or can build a leadership position, we have implemented the following:

- 1. Rapid reduction of Defocused Book:** Strong execution in successfully running down the Defocused book to Rs. 7,203 Cr in Q2FY20 (reduction of 45% YoY and 23% QoQ)
- 2. Sale of Wealth Management Business:** With the recent changes in regulations, consolidation in the industry and considering the fact that the business contributes <1% of LTFH revenue and profitability, the business required a full suite of in-house products and services, necessitating a larger wealth platform. Consequent to this, LTFH has entered into a definitive agreement to sell 100% stake of L&T Capital Markets to IIFL Wealth. The transaction is in process and regulatory approvals are awaited.

Stable Asset Quality: In line with LTFH's strategy, the focus remains on portfolio quality and profitability, by consistently strengthening the risk profile. The portfolio quality of LTFH remains stable year-on-year with conservative underwriting, robust early-warning signals, and strong project monitoring metrics.

(Rs. Cr)	Q2FY19	Q2FY20
Gross Stage 3	6,119	5,745
Net Stage 3	2,296	2,632
Gross Stage 3 %	7.10%	5.98%
Net Stage 3 %	2.79%	2.83%
Provision Coverage Ratio (PCR) %	62%	54%

Update on Tax Amendments: In Q2FY20, the Government announced the reduction of Corporate Tax Rate (CTR) from 34.94% to 25.17%. Under the new guidelines, corporates that have taken higher provisions and created Deferred Tax Assets (DTA) at 34.94% need to revise the tax rate to 25.17%, leading to a one-time P&L charge of 9.77%. Following this:

- ✓ LTFH is opting for lower CTR of 25.17% leading to lower tax liability from FY20 onwards
- ✓ As a part of its robust risk management framework, over the last 3 years, LTFH has implemented accelerated provisions to enhance PCR
- ✓ Consequently, Q2 FY20 results reflect one time impact of Rs. 473 Cr due to reversal of DTA as on 1st April, 2019

Profitability: The performance for this quarter has been achieved on the back of effective liability management, strong credit decisioning, maintaining healthy margins and increasing retailisation.

- ✓ The consolidated Pre-DTA PAT is Rs. 647 Cr for Q2FY20, up 15% from Rs. 560 Cr in Q2FY19
- ✓ The Post-DTA one-time adjustments PAT is Rs. 174 Cr for Q2FY20
- ✓ 'NIM + Fees' stands at 6.86% in Q2FY20 versus 6.86% Q2FY19
- ✓ Retailisation increased to 53% in Q2FY20 from 47% Q2FY19
- ✓ The RoE stands at 18.13% in Q2FY20 (Pre-DTA)

Management Commentary:

Commenting on the financial results Mr. Dinanath Dubhashi, Managing Director & CEO, LTFH, said, "The inherent strengths of our businesses, robust risk management framework, and strength due to parentage have been reaffirmed by multiple rating agencies by assigning AAA rating. We remain a partner of choice for financiers and continue to diversify our liability mix through reputed domestic and global institutions. Our continued investment in businesses where we have a clear 'Right to Win', has been the bedrock of our strategy, and we remain committed to this plan."

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 wholesale finance sectors, as well as mutual fund products and wealth management services, 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, L&T Investment Management Ltd. and L&T Capital Markets Ltd. LTFH is registered with RBI as a CIC-ND-SI^[1]. LTFH is promoted by Larsen & Toubro Ltd. (“L&T”) (www.larsentoubro.com), one of the leading companies in India, with interests in engineering, construction, electrical & electronics manufacturing & services, IT and financial services.

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

L&T Finance Holdings Limited

Registered Office

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