

Press Release

Monday, January 21, 2019, Mumbai

Financial performance for the quarter ended December 31, 2018

RoE at 18.34% for Q3FY19 PAT at Rs. 580 Cr – YoY growth of 81% NIMs plus Fees at 6.79% in Q3FY19 against 5.62% in Q3FY18 Gross Stage 3 declined to 6.74% in Q3FY19 from 10.40% in Q3FY18

Robust ALM Framework: LTFH is comfortably placed with respect to both liquidity and interest rate risks, due to its robust ALM and strong risk management framework.

 As on 31st December, 2018:

- LTFH enjoys positive gaps in both Structural Liquidity and Interest Rate Sensitivity

Structural Liquidity Statement	
1 Year Gap	Rs. Cr
Asset Inflows (A)	52,325
Liability outflows (B)	30,878
Positive (A-B)	21,447

Interest Rate Sensitivity Statement	
1 Year Gap	Rs. Cr
Re-priceable Assets (A)	74,185
Re-priceable Liabilities (B)	54,669
Positive (A-B)	19,516

- Liquidity of Rs. 4,173 Cr is maintained in form of cash, FDs and other liquid instruments. In addition to this, we have undrawn bank lines of Rs. 9,489 Cr and back up line from L&T of Rs. 2,000 Cr.
- During Q3FY19, LTFH has raised funds of ~ Rs.29,800 Cr (Rs.16,767 Cr through market instruments and Rs.13,033 Cr through bank finance/ ICDs)
- At 8.50% our weighted average cost of funds remains well in control despite volatility and hardening of interest rates
- Competitive strength in our focused businesses has enabled us to maintain steady NIMs

Growth in businesses: In its focused lending businesses, namely Rural Finance, Housing Finance and Wholesale Finance, LTFH recorded 23% YoY increase in assets in Q3FY19. At the end of Q3FY19, Rural and Housing businesses together constituted 50% of total portfolio as against 41% at the end of Q3FY18.

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<u>Focused Lending Businesses</u>	Q3FY18 Rs. Cr	Q3FY19 Rs. Cr	Book Growth Q3FY19 vs Q3FY18
Rural Finance	14,678	24,122	64%
Housing Finance	17,398	23,319	34%
Wholesale Finance	43,871	46,267	5%
TOTAL	75,948	93,708	23%

LTFH also delivered growth in its Investment Management and Wealth Management businesses. Average Assets under Management (AAUM) in Investment Management business increased to Rs. 69,080 Cr in Q3FY19 from Rs. 60,313 Cr in Q3FY18 – growth of 15%. Assets under Service (AUS) in Wealth Management business increased to Rs. 22,887 Cr in Q3FY19 from Rs. 17,102 Cr in Q3FY18 – growth of 34%.

Improving asset quality: LTFH has shown a substantial reduction in Stage 3 assets, both in absolute and percentage terms. This has been achieved through vigorously monitored early warning signals, concentration on early bucket collections and strong Stage 3 resolution efforts. LTFH's provision coverage has also increased during this time, indicating strength of its portfolio.

(Rs. Cr)	Q3FY18	Q2FY19	Q3FY19
Gross Stage 3	7,513	6,119	6,033
Net Stage 3	3,222	2,296	2,263
Gross Stage 3 %	10.40%	7.10%	6.74%
Net Stage 3 %	4.74%	2.79%	2.64%
Provision Coverage %	57%	62%	62%

In addition to the provisions mentioned above, LTFH has set aside Rs. 85 Cr as macro-prudential provisions in Q3FY19, taking overall macro-prudential provisions to Rs. 269 Cr. These provisions initiated in Q1FY19 are for any unanticipated future event risk, and are over and above the expected credit losses on GS3 assets and standard asset provisions.

Profitability: LTFH has delivered consolidated PAT of Rs. 580 Cr in current quarter as against PAT of Rs. 321 Cr for Q3FY18, a strong growth of 81%. Having achieved a RoE of 18.45% in Q1FY19, LTFH has maintained its profitability with 18.34% RoE in Q3FY19. This has been achieved on the back of strong NIMs plus Fee income, strict control on cost and improved asset quality.

Management Commentary:

Commenting on the results and financial performance, Mr. Dinanath Dubhashi, Managing Director & CEO, LTFH, said, 'Our prudent Asset Liability Management practices have ensured that our growth remains unhindered despite the volatility. During Q3FY19, we made sure that the available liquidity was actively managed and allocated towards retail and core wholesale businesses. Our resilient business model, consistent performance and ability to withstand external uncertainties, will continue to differentiate us.'

About L&T Finance Holdings: LTFH 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 Investment Management Ltd. and L&T Capital Markets Ltd. LTFH is registered with RBI as a CIC-ND-SI. LTFH is promoted by Larsen & Toubro Ltd. (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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