

Press Release

Monday, 2nd May 2016, Mumbai

Financial Performance for the quarter and year ended 31st March, 2016

Consolidated Profit for the quarter grows by 15%; Loans and Advances grow by 22%

Consolidated Profit (before exceptional items) for the year grows by 16%

L&T Finance Holdings (L&TFH) today released details of their financial performance for the quarter and year ended 31st March, 2016.

Result Highlights:

- Growth in assets:** Loans & Advances as on 31st March 2016 grew by 22% y-o-y to Rs. 57,831 Cr. as compared to Rs. 47,232 Cr as on 31st March 2015. This is despite the company moderating its growth in farm equipment business due to challenging environment in this sector. The growth has been led by healthy disbursements in our key focus areas i.e. operational projects in renewable energy and roads and retail products – housing, microfinance and two wheelers.

Operating projects account for 61% of the total loans outstanding in the wholesale business while B2C products constitute 61% of the total loans outstanding in the retail business.

Business	Disbursements (Rs Cr)					
	Q4 15	Q4 16	Y-o-Y (%)	FY15	FY16	Y-o-Y (%)
Retail Finance	6,297	7,284	16%	20,506	26,445	29%
Wholesale Finance	2,643	3,404	29%	11,975	15,320	28%
Total	8,940	10,688	20%	32,481	41,765	29%
Business	Loans & Advances (Rs Cr)					
	FY15		FY16		Y-o-Y (%)	
Retail Finance	24,993		29,186		17%	
Wholesale Finance	22,239		28,645		29%	
Total	47,232		57,831		22%	

Investment Management: The Average Assets under Management (AAUM) for the quarter of the investment management business grew by 15% to Rs 25,945 Cr as compared to Rs 22,497 Cr for the same period last year. The share of equity assets increased to 41% of the total AAUM, reaching Rs 10,316 Cr representing a 20% increase on a y-o-y basis.

- Profit after Taxes (PAT):** The Consolidated PAT for the quarter grew by 15% y-o-y to Rs. 237 Cr compared to Rs 206 Cr in the same period last year. Consolidated PAT before exceptional items for FY16 is Rs. 857 Cr which represents a 16% growth over Rs. 736 Cr in FY'15.

The operating performance has continued to remain steady with healthy margins, steady fee income and stable opex. The asset management business continues to contribute positively.

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Growth in profits has been a result of consistent and steady improvement in key operating parameters along with stabilization in the overall asset quality in the lending business and positive contribution by the asset management business.

Business	PAT (Rs Cr)				PAT (Rs Cr)		
	Q4 15	Q3 16	Q4 16	Y-o-Y (%)	FY15	FY16	Y-o-Y (%)
Retail Finance	104	100	121	17%	394	417	6%
Wholesale Finance	67	104	106	59%	326	398	22%
Investment Management	3	5	7	-	5	19	-
Others	32	3	3	-	11	23	-
PAT before Exceptional Items	206	212	237	15%	736	857	16%

- Asset Quality:** Gross NPA% has shown a marked improvement over Dec'15 with GNPA's reducing from 3.33% of book to 3.05% of book. This has been achieved by substantial improvement in GNPA's of the Farm portfolio while maintaining asset quality for the rest of the portfolio.

Rs Cr	Q4 15		Q3 16		Q4 16	
	180 days	150 days	180 days	150 days	180 days	150 days
Gross NPA	1,045	1,428	1,572	1,818	1,518	1,735
Net NPA	580	963	966	1,206	961	1,154
Gross NPA %	2.25%	3.08%	2.88%	3.33%	2.67%	3.05%
Net NPA %	1.26%	2.10%	1.79%	2.23%	1.71%	2.05%
Provision Coverage %	44%	33%	38%	34%	37%	34%

Our provisioning policy takes into account long term portfolio behavior based on the probability of default and loss given default of the portfolio. In line with our conservative provisioning policy, the Company carries ~Rs 238 Cr of provisions in excess of RBI norms.

Management Commentary

Commenting on the results and financial performance, Mr. Y. M. Deosthalee, Chairman & Managing Director, L&T Finance Holdings, said, "We are happy to report a healthy 22% growth in loans and advances as on 31st March, 2016 along with a 15% growth in profits for the quarter on a y-o-y basis. This has been despite the slower than expected pick up in the overall economy and significant cash flow pressures in the rural markets. Our focus on financing operational projects in renewable energy and road sectors, and select segments of retail B2C products has enabled this. Our philosophy of being a sustainable financial services player is playing out positively in terms of maintaining a consistently healthy growth in assets and profitability over the last 8 quarters, with stabilization in the overall asset quality."

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Strategic re-orientation with focus on Return on Equity (RoE):

We believe that the company is at an inflection point. The future strategy will be based on a single minded focus towards continuous improvement in Return on Equity (RoE).

Key pillars towards achieving this goal comprise driving profitable growth in select lending businesses; focus on asset quality and managing non-lending businesses for fee income generation and value creation. This has led to identification of key businesses that we would operate in. The criteria for this choice have been Industry attractiveness and our Ability to extract value.

We expect to further strengthen our position in operational infrastructure projects especially renewables and roads, structured corporate loans and in retail products like tractors, 2 Wheelers, microfinance and housing finance.

Sharp focus on cost optimization, reallocation of capital towards focused businesses and creating Centers of Excellence in the above chosen areas will enable the Company to deliver improved RoE.

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, Family Credit 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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