

Press Release

Tuesday, October 25, 2016, Mumbai

Financial Performance for quarter ended September 30, 2016

Consolidated Profit to Equity Shareholders grew by 33%

ROE improves to 11.72% in Q2FY17, against 9.78% in Q1FY17 and 9.84% in Q2FY16

Progress of Strategic Re-orientation

In April 2016, L&T Finance Holdings (LTFH) unveiled its strategy to reach top quartile Return on Equity (RoE) by FY20, through a combination of right businesses, right structures and right people. Specific strategic initiatives were undertaken aimed at strengthening LTFH's "Right To Win" and to ensure sustained profitable growth.

Rigorous focus on identified businesses and strong execution on strategic initiatives has led to robust business growth. In these focus businesses, disbursements have grown by 28% YoY while total assets have increased by 24% YoY.

LTFH has continued to leverage technology to deliver superior customer experience and to gain market share. Mobility solutions with integrated rule based decision engines has helped sharply reduce turnaround time and standardise credit decisions.

During this quarter, LTFH announced plans to amalgamate three of its subsidiary companies, viz. L&T Finance Ltd., Family Credit Ltd. and L&T FinCorp Ltd. Judicial approvals are expected within this financial year. This amalgamation would improve capital and operational efficiency.

Management Commentary

Commenting on the results and financial performance, Mr. Dinanath Dubhashi, Managing Director, L&T Finance Holdings, said, "Since April 2016, we have been working relentlessly on implementing our strategic roadmap and we are beginning to see the results. RoE for Q2FY17 is 11.72% representing a 188 bps YoY increase. Razor sharp focus on RoE is now culturally ingrained into the organization. We will continue in our endeavour to deliver superior shareholder value through profitable asset growth and optimal operating efficiency."

Result Highlights:

- **Profitable asset growth:** LTFH's thrust on profitable growth is visible in its disbursement growth and asset composition. Focused businesses of LTFH recorded 24% YoY growth mainly through increased disbursements in Microfinance and Housing Finance. Wholesale Finance has witnessed strong growth in IDF and syndicated assets.

LTFH has been running down its de-focused products with no additional disbursements in this financial year. As a percentage of total assets, the contribution of this portfolio has come down from 11% to 6% between Q2FY16 and Q2FY17. LTFH is evaluating alternatives to maximize value through sell-down.

Total Assets (Rs. Cr.)	Q2FY16	Q2FY17	YoY (%)
Rural Finance	7,897	9,223	17%
Housing Finance	7,529	11,381	51%
Wholesale Finance	30,467	36,478	20%
Focused Businesses	45,892	57,081	24%
De-focused Products	5,519	3,817	(31%)
Total	51,411	60,898	18%

- **Improvement in asset quality:** Despite continuing challenges in the macro-economic environment, LTFH has improved Gross NPA% by 40 bps. Provision Coverage has improved from 22% in Q2FY16 to 36% in Q2FY17. As a result, improvement in Net NPA% is even more pronounced at 98 bps.

(Rs. Cr.)	Q2FY16	Q2FY17
Gross NPA	2,556	2,748
Net NPA	2,006	1,766
Gross NPA %	5.10%	4.70%
Net NPA %	4.05%	3.07%
Provision Coverage %	22%	36%

- **Strong PAT growth:** LTFH's Consolidated PAT to Equity Shareholders increased 33%, from Rs. 162 cr. in Q2FY16 to Rs. 216 cr. for Q2FY17. This is on the back of profitable asset growth and strong traction in fee income across all the businesses.
- **Generating value through Investment Management and Wealth Management businesses:** In the Investment Management business, Average Assets Under Management (AAUM) for the quarter grew by 35%, from Rs. 24,280 cr in Q2FY16 to Rs. 32,667 cr in Q2FY17. Share of equity assets is at 39% of the total AAUM, reaching Rs 12,875 Cr representing a 31% YoY increase from Rs. 9,817 Cr.

In the Wealth Management business, Average Assets Under Service (AAUS) went up by 38%, from Rs. 7,878 cr. in Q2FY16 to Rs. 10,890 cr. in Q2FY17 with client base growing from 3,700 to 5,140.

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 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 RBI as a CIC-ND-SI. LTFH 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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