

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 AUDITORS' REPORT
TO THE BOARD OF DIRECTORS OF
L&T FINANCE HOLDINGS LIMITED**

1. We have audited the accompanying Statement of Consolidated 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 year ended March 31, 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 modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.
2. This Statement, which is the responsibility of the Parent's Management and approved by the Board of Directors, has been compiled from the related consolidated financial statements which has been prepared in accordance with the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder ("Ind AS") and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement based on our audit of such consolidated financial statements.
3. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Parent's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Parent's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement.

We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in paragraph 5 below, is sufficient and appropriate to provide a basis for our audit opinion.

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4. In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on separate financial statements and the other financial information of the subsidiaries referred to in paragraph 5 below, the Statement:

a. 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	Subsidiary
13	L&T Capital Market (Middle East) Limited (with effect from July 1, 2018)	Subsidiary

b. is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016; and

c. gives a true and fair view in conformity with the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India of the net profit, Total comprehensive income and other financial information of the Group for the year ended March 31, 2019.

5. We did not audit the financial statements / financial information of 7 subsidiaries included in the consolidated financial results, whose financial statements / financial information reflect total assets of ₹1,238.80 crore as at March 31, 2019, total revenues of ₹797.41 crore, total net profit after tax of ₹122.31 crore and total comprehensive income of ₹122.22 crore for the year ended on that date, as considered in the consolidated financial results. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial results, 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.

Our opinion on the Statement is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

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6. The Statement includes the results for the Quarter ended March 31, 2019 being the balancing figure between audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the current financial year which were subject to limited review by us.
7. The comparative financial information for the quarter and year ended March 31, 2018 in respect of 7 subsidiaries, prepared in accordance with the Ind AS and included in this Statement have been audited by other auditors whose reports have been furnished to us by the Management and in so far as it relates to the comparative amounts and disclosures included in respect of these subsidiaries made in this Statement, is based solely on the reports of the other auditors. Our report is not modified in respect of this matter.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants

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

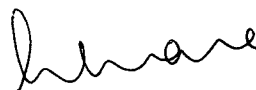


VW Sanjiv V. Pilgaonkar
(Partner)
(Membership No. 39826)
Mumbai, April 28, 2019

For B. K. KHARE & CO.

Chartered Accountants

(Firm's Registration No. 105102W)



Padmini Khare Kaicker
(Partner)
(Membership No. 044784)
Mumbai, April 28, 2019

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 FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2019						
Sr. No.	Particulars	Quarter ended			Year ended	
		March 31, 2019	December 31, 2018	March 31, 2018	March 31, 2019	March 31, 2018
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)
	Revenue from operations					
(i)	Interest income	3,058.32	3,084.08	2,437.30	11,637.90	8,869.22
(ii)	Dividend income	0.02	0.17	-	0.21	0.78
(iii)	Rental income	3.98	4.30	8.25	18.84	37.23
(iv)	Fees and commission income	234.37	246.42	327.66	1,277.11	1,219.92
(v)	Net gain on fair value changes	7.54	27.93	(32.61)	55.66	85.58
(I)	Total revenue from operations	3,304.23	3,362.90	2,740.60	12,989.72	10,212.73
(II)	Other income	79.69	89.34	22.11	311.80	53.53
(III)	Total income (I+II)	3,383.92	3,452.24	2,762.71	13,301.52	10,266.26
	Expenses					
(i)	Finance costs	1,832.50	1,865.93	1,463.05	6,860.03	5,449.24
(ii)	Fees and commission expenses	-	38.59	127.75	325.71	395.12
(iii)	Net loss on fair value changes	132.27	28.13	18.98	383.16	36.60
(iv)	Net loss on derecognition of financial instruments under amortised cost category	85.78	54.32	74.64	384.01	529.76
(v)	Impairment on financial instruments	151.58	267.47	413.28	700.88	1,418.16
(vi)	Employee benefits expense	215.76	229.89	122.07	824.73	408.70
(vii)	Depreciation, amortisation and impairment	13.86	12.34	13.19	49.62	51.93
(viii)	Other expenses	202.81	179.76	163.57	721.40	530.99
(IV)	Total expenses	2,634.56	2,676.43	2,396.53	10,249.54	8,820.50
(V)	Profit before exceptional items and tax (III-IV)	749.36	775.81	366.18	3,051.98	1,445.76
(VI)	Exceptional items	-	-	-	-	-
(VII)	Profit before tax (V-VI)	749.36	775.81	366.18	3,051.98	1,445.76
(VIII)	Tax expense:					
(1)	Current tax	263.56	241.04	241.35	749.49	518.48
(2)	Deferred tax	(66.32)	(46.19)	(163.24)	70.46	(362.22)
(3)	Short/(Excess) provision relating to earlier years	-	-	18.07	-	11.98
(IX)	Net profit after tax (VII-VIII)	552.12	580.96	270.00	2,232.03	1,277.52
(X)	Add: Share in profit of associate company	-	-	(1.51)	-	0.83
(XI)	Net profit after tax and share in profit of associate company (IX+X)	552.12	580.96	268.49	2,232.03	1,278.35
	Profit/(loss) for the period attributable to:					
	Owners of the company	547.58	579.93	282.07	2,226.30	1,254.68
	Non-controlling interest	4.54	1.03	(13.58)	5.73	23.67
(XII)	Other comprehensive income	(34.47)	61.98	(4.86)	(2.41)	(4.99)
	A (i) Items that will not be reclassified to profit or loss					
	(a) Remeasurements of the defined benefit plans (net of tax)	(0.89)	(1.22)	(0.35)	(1.50)	(0.94)
	(b) Exchange differences in translating the financial statements of foreign operations, net	(0.23)	-	-	(0.23)	-
	B (i) Items that may be reclassified to profit or loss					
	(a) Debt instruments through other comprehensive income (net of tax)	(33.35)	63.20	(4.51)	(0.68)	(4.02)
	(b) The effective portion of gains and loss on hedging instruments in a cash flow hedge	-	-	-	-	(0.03)
	Other comprehensive income for the period attributable to:					
	Owners of the company	(34.47)	61.98	(4.86)	(2.41)	(4.99)
	Non-controlling interest	-	-	-	-	-
(XIII)	Total comprehensive income (XI+XII)	517.65	642.94	263.63	2,229.62	1,273.36
	Total comprehensive income for the period attributable to:					
	Owners of the company	513.11	641.91	277.21	2,223.89	1,249.69
	Non-controlling interest	4.54	1.03	(13.58)	5.73	23.67
(XIV)	Paid-up equity share capital (face value of ₹ 10 each) (Refer note 5)	1,998.81	1,997.33	1,995.67	1,998.81	1,995.67
(XV)	Other equity	-	-	-	11,449.79	9,411.07
(XVI)	Earnings per share (*not annualised): (Refer note 5)					
	(a) Basic (₹)	*2.74	*2.90	*1.51	11.15	6.88
	(b) Diluted (₹)	*2.73	*2.89	*1.50	11.10	6.81

Notes:

1 Consolidated Statement of Assets and Liabilities as at March 31, 2019

(₹ in Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
	(Audited)	(Audited)
ASSETS:		
(1) Financial assets		
(a) Cash and cash equivalents	1,826.65	1,049.39
(b) Bank balance other than (a) above	47.50	59.14
(c) Derivative financial instruments	7.20	-
(d) Receivables		
(I) Trade Receivables	106.37	126.44
(II) Other Receivables	10.63	3.33
(e) Loans	91,324.63	77,088.34
(f) Investments	8,640.81	5,301.49
(g) Other financial assets	126.29	73.66
(2) Non-financial assets		
(a) Current tax assets (net)	642.97	593.37
(b) Deferred tax Assets (net)	1,777.15	1,846.40
(c) Investment property	367.66	395.11
(d) Property, plant and equipment	67.69	97.05
(e) Capital work-in-progress	-	0.14
(f) Intangible assets under development	38.65	19.20
(g) Goodwill	638.91	638.91
(h) Other intangible assets	53.04	19.65
(i) Other non-financial assets	378.95	465.36
TOTAL - ASSETS	1,06,055.10	87,776.98
LIABILITIES AND EQUITY:		
LIABILITIES		
(1) Financial liabilities		
(a) Derivative financial instruments	-	9.10
(b) Trade payables		
(i) Total outstanding dues of micro enterprises and small enterprises	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	120.05	168.43
(c) Other payables		
(i) Total outstanding dues of micro enterprises and small enterprises	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	16.12	16.62
(d) Debt securities	51,268.31	40,996.13
(e) Borrowings (Other than debt securities)	35,785.15	29,853.50
(f) Subordinated liabilities	4,453.52	4,398.65
(g) Other financial liabilities	569.22	520.17
(2) Non financial liabilities		
(a) Current tax liabilities (net)	33.51	30.03
(b) Provisions	42.04	27.57
(c) Deferred tax liabilities (net)	5.19	4.56
(d) Other non-financial liabilities	91.13	131.00
(3) EQUITY		
(a) Equity share capital	1,998.81	1,995.67
(b) Other equity	11,449.79	9,411.07
(4) Non-controlling interest	222.26	223.48
TOTAL - LIABILITIES AND EQUITY	1,06,055.10	87,776.98

2 The Group has adopted Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015 from April 1, 2018 and the effective date of such transition is April 1, 2017. Such transition has been carried out from the erstwhile Accounting Standards notified under the Act, read with relevant rules issued thereunder and guidelines issued by the Reserve Bank of India ("RBI") and National Housing Bank ("NHB") (Collectively referred to as "the Previous GAAP"). The figures have been presented in accordance with the format prescribed for financial statements for a Non-Banking Finance Company (NBFC) whose financial statements are drawn up in compliance of the Companies (Indian Accounting Standards) Rules, 2015, in Division III of Notification No. GSR 1022 (E) dated 11th October, 2018, issued by the Ministry of Corporate Affairs, Government of India.

3 The results have been reviewed by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on April 28, 2019. The Joint Statutory Auditors of the Company have carried out audit of the aforesaid results.

4 The Company reports quarterly financial results of the group on a consolidated basis, pursuant to the option made available as per 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 year ended March 31, 2019 are given below.

(₹ in Crore)

Particulars	Quarter ended			Year months ended	
	March 31, 2019	December 31, 2018	March 31, 2018	March 31, 2019	March 31, 2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Total income from operations	310.55	62.55	402.22	526.48	477.82
Profit/(loss) before tax	260.27	(5.23)	353.86	304.03	292.70
Profit/(loss) after tax	227.26	(4.24)	321.65	267.06	266.05
Total comprehensive income	226.65	(4.26)	322.38	266.74	266.67

5 The Company, during the quarter and year ended March 31, 2019 has allotted 1,480,500 and 3,135,400 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).

6 (a) During the year ended March 31, 2019, the Company has paid dividend of ₹ 78.61 crore (including Dividend Distribution Tax of ₹ 2.19 crore) on Cumulative Compulsorily Redeemable Preference Shares of ₹ 100 each fully paid.

(b) During the year ended March 31, 2019, 9.00% Cumulative Compulsorily Redeemable Preference Shares (CRPS) amounting to ₹ 250 crore have been redeemed and 8.95% Cumulative Compulsorily Redeemable Preference Shares (CRPS) amounting to ₹ 250 crore have been issued. The Company has paid final dividend of ₹ 12.21 crore on Redeemed Preference Shares during the year.

7 On April 25, 2019, L&T Infra Debt Fund Limited, a subsidiary of L&T Finance Holdings Limited, has entered into a commitment for upto 25.1% minority equity investment from Apis Growth Fund II, for an all-cash consideration of upto US\$ 110 million which is subject to customary post-closing adjustments

8 As on March 31, 2019, the Company's exposure as senior secured financial creditor to certain infrastructure special purpose entities of IL&FS Group are in the Stage 1 category and within the "Standard" classification of RBI's Prudential Norms. However, pending resolution of the plan submitted by the IL&FS Board to the NCLAT, recognition of interest of ₹ 84 crores on these loans between 1st October, 2018 and the year end has been deferred.

9 The figures for the quarter ended March 31, 2019 and March 31, 2018 are the balancing figures between audited figures in respect of full financial year and the year to date figure up to nine months of current financial year.

10 The Board of Directors have recommended a final dividend of ₹ 1 per Equity Share of ₹ 10 each (previous year ₹ 1 per share) subject to approval of shareholders in forthcoming Annual General Meeting.

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(₹ in Crore)

Sr. No.	Particulars	Quarter ended			Year ended	
		March 31, 2019	December 31, 2018	March 31, 2018	March 31, 2019	March 31, 2018
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Gross segment revenue from continuing operations						
(a)	Rural business	1,126.44	1,127.08	694.22	4,064.18	2,304.87
(b)	Housing business	872.91	767.09	749.91	3,018.71	2,129.75
(c)	Wholesale business	1,174.79	1,304.87	1,093.00	5,063.93	4,808.38
(d)	Defocused business	18.06	26.15	37.81	116.02	222.22
(e)	Others	444.54	210.59	610.73	1,303.01	1,329.43
	Segment revenue from continuing operations	3,636.74	3,435.78	3,185.67	13,565.85	10,794.65
	Less: Inter segment revenue	(332.51)	(72.88)	(445.07)	(576.13)	(581.92)
	Revenue as per the statement of profit and loss	3,304.23	3,362.90	2,740.60	12,989.72	10,212.73
Segment result (Profit/(loss) before tax)						
(a)	Rural business	328.15	300.27	232.20	1,151.50	744.76
(b)	Housing business	322.23	268.30	224.62	1,084.10	720.97
(c)	Wholesale business	166.45	200.46	46.99	912.20	291.52
(d)	Defocused business	(104.34)	(43.99)	(111.57)	(243.45)	(394.42)
(e)	Others	36.87	50.77	(26.06)	147.63	82.93
	Profit before tax	749.36	775.81	366.18	3,051.98	1,445.76
Segment assets						
(a)	Rural business	25,517.39	24,759.02	16,527.68	25,517.39	16,527.68
(b)	Housing business	27,575.72	24,517.02	19,785.70	27,575.72	19,785.70
(c)	Wholesale business	48,173.25	47,688.35	46,180.28	48,173.25	46,180.28
(d)	Defocused business	628.20	837.90	1,187.35	628.20	1,187.35
(e)	Others	11,650.33	11,168.79	10,784.20	11,650.33	10,784.20
	Sub total	1,13,544.89	1,08,971.08	94,465.21	1,13,544.89	94,465.21
	Less: Inter segment assets	(9,909.91)	(9,423.98)	(9,128.00)	(9,909.91)	(9,128.00)
	Segment assets	1,03,634.98	99,547.10	85,337.21	1,03,634.98	85,337.21
(f)	Unallocated	2,420.12	2,336.05	2,439.77	2,420.12	2,439.77
	Total assets	1,06,055.10	1,01,883.15	87,776.98	1,06,055.10	87,776.98
Segment liabilities						
(a)	Rural business	22,181.29	21,356.38	14,342.06	22,181.29	14,342.06
(b)	Housing business	24,321.31	21,675.33	17,583.87	24,321.31	17,583.87
(c)	Wholesale business	43,447.79	43,128.29	42,444.11	43,447.79	42,444.11
(d)	Defocused business	548.24	726.01	1,030.33	548.24	1,030.33
(e)	Others	2,800.57	2,533.85	2,131.82	2,800.57	2,131.82
	Sub total	93,299.20	89,419.86	77,532.19	93,299.20	77,532.19
	Less: Inter segment liabilities	(731.40)	(592.69)	(1,196.54)	(731.40)	(1,196.54)
	Segment liabilities	92,567.80	88,827.17	76,335.65	92,567.80	76,335.65
(f)	Unallocated	38.70	74.64	34.59	38.70	34.59
	Total liabilities	92,606.50	88,901.81	76,370.24	92,606.50	76,370.24

(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 Business comprises of Farm Equipment Finance, Two Wheeler Finance and Micro Loans.

Housing Business comprises of Home Loans, Loan against Property and Real Estate Finance.

Wholesale Business comprises of Infrastructure Finance and Structured Corporate Loans.

Defocused Business comprises of 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

12 (i) Reconciliation of net profit after tax between Previous GAAP and Ind AS for the quarter and year ended March 31, 2018

(₹ in Crore)

Sr. No.	Particulars	Quarter ended	Year ended
		March 31, 2018	March 31, 2018
		(Unaudited)	(Audited)
	Net profit after tax as per previous GAAP	406.00	1,459.48
(a)	Amortisation of processing fee on corporate loans based on effective interest income which was previously recognised as revenue in the period of accrual	26.49	7.37
(b)	Incremental cost on fair valuation of employee stock options plan previously recognised on the basis of intrinsic value	(8.18)	(30.63)
(c)	Changes in fair valuation of investments/financial instruments previously recorded at cost less other than temporary diminution	(92.99)	(94.02)
(d)	Incremental provision on application on expected credit loss model	(81.91)	(388.86)
(e)	Increase in borrowing cost pursuant to the application of effective interest rate method as issue expenses were previously adjusted against Securities Premium Account	(27.50)	(115.13)
(f)	Reversal of amortised loss on sale of loan assets now being charged in year of sale. The past losses were adjusted against retained earnings	-	162.53
(g)	Impact of consolidation of a fund on evaluation of control as per Ind AS 110	(52.13)	21.82
(h)	Interest income recognition on stage 3 loans	36.88	145.69
(i)	Derecognition of deferred tax liability on special reserve	11.60	11.60
(j)	Others	0.82	1.57
(k)	Deferred taxes	49.41	96.93
	Net profit after tax as per Ind AS	268.49	1,278.35
	Other comprehensive income (net of tax) attributable to owners of the Company	(4.86)	(4.99)
	Total comprehensive income as per Ind AS	263.63	1,273.36

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(ii) Reconciliation of equity as reported under previous GAAP and IndAS as at March 31, 2018 and as at April 1, 2017

(₹ in Crore)

Sr. No.	Particulars	As at	As at
		March 31, 2018 (Audited)	April 1, 2017 (Audited)
	Equity as per previous GAAP	13,584.28	9,107.34
(a)	Amortisation of processing fee on corporate loans based on effective interest income which was previously recognised as revenue in the period of accrual	(100.46)	(107.83)
(b)	Changes in fair valuation of investments/financial instruments previously recorded at cost less other than temporary diminution	205.49	291.79
(c)	Incremental provision on application on expected credit loss model	(2,521.09)	(2,132.23)
(d)	Increase in borrowing cost pursuant to the application of effective interest rate method as issue expenses were previously adjusted against Securities Premium Account	35.79	42.71
(e)	Impact of consolidation of a fund on evaluation of control as per Ind AS 110	(2.04)	0.17
(f)	Interest income recognition on stage 3 loans	449.61	303.92
(g)	Redeemable preference capital classified as liability	(1,034.40)	(1,213.40)
(h)	Derecognition of deferred tax liability on special reserve	32.62	21.02
(i)	Others	0.24	(0.68)
(j)	Deferred taxes	756.70	660.71
	Equity as per Ind AS	11,406.74	6,973.52

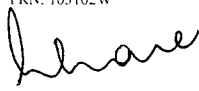
13 The previous year/periods Previous GAAP figures have been regrouped/re-classified wherever necessary to make them comparable with IndAS presentation.

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


Sanjiv V. Pilgaonkar
Partner

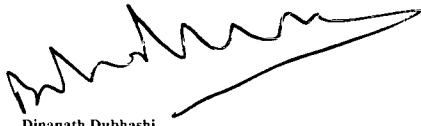
Place : Mumbai
Date : April 28, 2019

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


Padmini Khare Kaicker
Partner
Membership no. 044784

Place : Mumbai
Date : April 28, 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 : April 28, 2019

Press Release
Sunday, April 28, 2019, Mumbai
L&T Finance Holdings announces financial results for the quarter and financial year ended March 31, 2019

<p>PAT at Rs. 2,226 Cr for FY19, YoY growth of 77%</p> <p>PAT at Rs. 548 Cr for Q4FY19, YoY growth of 94%</p> <p>RoE at 17.92% for FY19 as against 15.73% for FY18</p> <p>Retailisation of loan book stands at 52% for FY19 against 42% in FY18</p> <p>NIMs plus Fees at 6.75% for FY19 against 5.88% in FY18</p> <p>Gross Stage 3 declined to 5.90% in FY19 from 8.71% in FY18</p>

Profitability: L&T Finance Holdings (LTFH), a leading Non-Banking Financial Company (NBFC), announced a consolidated PAT of Rs.2,226 Cr for FY19 – a growth of 77% from Rs.1,255 Cr in FY18. For Q4FY19, the consolidated PAT stood at Rs. 548 Cr – a YoY growth of 94% over Rs 282 Cr in Q4FY18.

For FY19, RoE stands at 17.92% as against 15.73% in FY18. The RoE for Q4FY19 is at 16.57%. This sustained delivery of top quartile RoE in FY19 has been achieved through focus on retailisation, prudent liquidity management, growth in NIMs plus Fee Income, diversification of funding sources and robust asset quality.

LTFH through its subsidiaries has around Rs. 1,800 Cr exposure to 6 Project SPVs of IL&FS. The Resolution Plan submitted by Union of India (at the instance of IL&FS Board) to NCLAT, specifies that these SPVs are capable of servicing loans to secured creditors and there will be priority on payments towards them. As on March 31, 2019, the exposure as secured financial creditor to these SPVs, is in the Stage 1 category and within the "Standard" classification of RBI's Prudential Norms. This substantiates our view that there will be no provision required towards principal repayment. However, as a measure of commercial prudence and taking a conservative view, an amount of Rs. 84 Cr towards interest of Q3FY19 and Q4FY19 has been reversed. Without this deferment, the PAT and the RoE for FY19 would have been Rs. 2,285 Cr and 18.38%, respectively. Similarly, the PAT and the RoE for Q4FY19 would have been Rs. 607 Cr and 18.32%, respectively.

Growth in businesses: In its focused lending businesses, namely Rural Finance, Housing Finance and Wholesale Finance, LTFH recorded 17% YoY increase in assets in FY19.

<u>Focused Lending Businesses</u>	FY18 (Rs. Cr)	FY19 (Rs. Cr)	Book Growth (FY19 vs FY18)
Rural Finance	17,044	25,577	50%
Housing Finance	19,109	25,519	34%
Wholesale Finance	47,640	47,178	(1%)
TOTAL	83,793	98,274	17%

The growth in Rural Finance has been contributed by all three businesses – Farm Equipment Finance, Two-Wheeler Finance and Micro Loans. LTFH's growth in Housing Finance has been primarily contributed by retail home loans. Backed by strong skills in underwriting and project monitoring, the company has been able to maintain a steady pace of disbursements in financing of real estate, renewable energy and operating roads. The products where LTFH didn't enjoy a strong right to win – structured finance, supply chain finance and DCM, have been deemphasized.

LTFH also delivered growth in its Investment and Wealth Management businesses. Average Assets under Management (AAUM) in Investment Management business increased to Rs.70,944 Cr in Q4FY19 from Rs.65,932 Cr in Q4FY18 – a growth of 8%. Assets under Service (AUS) in Wealth Management business increased to Rs. 28,164 Cr in FY19 from Rs. 18,354 Cr in FY18 – a growth of 53%.

NIMs plus Fees: The NIMs plus Fee Income of LTFH stood at 6.75% in FY19, as against 5.88% in FY18, LTFH demonstrated its pricing power through judiciously passing on the increase in interest rates during the second half of the year. This along with increasing retailisation and prudent ALM management enabled maintenance of NIMs. Additionally, Fee income coming from cross-selling, underwriting and advisory fees from non fund businesses, continued to be strong

Prudent ALM Management: As per its prudent ALM policy, LTFH has maintained positive liquidity and interest rate gap, in the first-year buckets.

- As on 31st March, 2019, Structural Liquidity and Interest Rate gaps were as follows:

Structural Liquidity Statement	
1 Year Gap	Rs. Cr
Asset Inflows (A)	51,371
Liability outflows (B)	31,533
Positive (A-B)	19,838

Interest Rate Sensitivity Statement	
1 Year Gap	Rs. Cr
Re-priceable Assets (A)	78,244
Re-priceable Liabilities (B)	58,198
Positive (A-B)	20,046

Focus on strengthening balance sheet: 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.

(Rs. Cr)	Q4FY18	Q3FY19	Q4FY19
Gross Stage 3	7,043	6,033	5,549
Net Stage 3	2,554	2,263	2,174
Gross Stage 3 %	8.71%	6.74%	5.90%
Net Stage 3 %	3.34%	2.64%	2.40%
Provision Coverage %	64%	62%	61%

In addition to the provisions mentioned above, LTFH has set aside Rs. 350 Cr as macro-prudential provisions in FY19. These provisions are against unanticipated future event risks and are over and above the expected credit losses on GS3 assets and standard asset provisions.

Diversification of Funding Sources: LTFH raised funds through secured retail NCD issues, aiding in the retailisation of its liabilities. The company raised Rs. 1500 Cr in Tranche 1 and Rs. 1000 Cr in Tranche 2. Both tranches received tremendous response and were oversubscribed on day 1 of opening.

To further diversify its liability book, LTFH has so far raised Rs 1,152 Cr, from International Finance Corporation (an arm of World Bank).

Management Commentary: Commenting on the results and financial performance, Mr. Dinanath Dubhashi, Managing Director & CEO, LTFH, said, “This is our first full year of delivering top quartile RoE. We did so in the face of multiple headwinds, clearly demonstrating the mettle of our cycle resilient strategy and execution capabilities. In FY2020 and beyond, we intend to achieve sustainable RoE through a strategy of responsible growth, continued retailisation of the loan book, diversification of funding sources, healthy NIMs plus fee income, and enhanced productivity.”

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.

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