

Press Release

L&T Finance Holdings to divest its Mutual Fund business

Mumbai, December 23, 2021: L&T Finance Holdings Limited (“LTFH”) and HSBC Asset Management (India) Private Limited (“HSBC AMC”) today entered into a definitive agreement whereby HSBC AMC shall acquire 100% equity shares of L&T Investment Management Limited (“LTIM”), a wholly owned subsidiary of LTFH, which is the investment manager of L&T Mutual Fund, for an aggregate purchase consideration of USD 425 million (subject to adjustments as set out in the definitive agreements). In addition, LTFH will also be entitled to excess cash in LTIM until the completion of the acquisition. The transaction is subject to the requisite regulatory approvals. Both LTIM and HSBC AMC will work to ensure that there will be continuity of services to their investors and counter-parties in the interim.

The divestment of Mutual Fund business is in line with the strategic objective of L&T Finance Holdings of unlocking value from its subsidiaries to strengthen its balance sheet. Further, the acquisition of LTIM is in line with the strategic growth plans of HSBC in India. HSBC stands to gain from an experienced team, diversified assets, strong retail customer base and the vast geographical reach that L&T Mutual Fund has built over the years.

Mr. Dinanath Dubhashi, Managing Director & CEO, L&T Finance Holdings Ltd. commented: “The transaction with HSBC is in line with our strategic objective of unlocking value from our subsidiaries which will help us to strengthen our balance sheet for our lending business. When seen alongside the recent capital raise it provides us with enough ammunition to increase the pace of retailisation in our lending portfolio, which is one of our long-term goals”

He further added “Over the past 10 years, L&T Mutual Fund has garnered the trust of stakeholders across the spectrum, backed by steady and stable performance. The journey from an AUM of a few thousand crores to over Rs. 80,000 Cr this year speaks of the strength of the L&T Brand.”

LTIM is today the 12th largest Asset Management Company (AMC) in India and offers a basket of equity, fixed income and hybrid schemes to both retail and institutional investors. With a technologically advanced and robust risk monitoring and management framework, together with an experienced investment team, the company has built a long-term, stable and strong retail investor base that comprises 64% of its overall AUM. L&T MF has an established and well-diversified distribution channel mix of Banks, Private Wealth Firms, National Distributors and Mutual Fund Distributors (MFDs) across India.

HSBC intends to merge the operations of LTIM with that of its existing asset management business in India, which had assets under management (AUM) of INR117bn (US\$1.6bn) as of September 2021.

J.P. Morgan and Citi were the financial advisors to LTFH. Cyril Amarchand Mangaldas acted as the legal advisors and PwC acted as due diligence and tax advisors to LTFH.

Editors Notes:

L&T Finance Holdings Limited (LTFH):

LTFH (www.ltf.com) is one of India’s leading Non-Banking Financial Company (NBFC) that offers a range of financial products and services through its wholly owned subsidiaries. L&T Financial Services (LTFs) is the brand name of L&T Finance Holdings Limited and its subsidiaries. Headquartered in Mumbai, LTFH has been rated AAA — the highest credit rating for NBFCs — by four leading rating agencies. L&T Financial Services has been certified as a constituent company in the FTSE4Good Index Series, for its ESG standards.

LTFS was recognised as the 'Socially Aware Corporate of the Year' in the Business Standard Social Excellence Awards 2019 and was awarded FICCI's Corporate Social Responsibility Award for "Women Empowerment" for Digital Sakhi, its flagship CSR program.



HSBC Holdings plc

HSBC Holdings plc, the parent company of HSBC, is headquartered in London. HSBC serves customers worldwide from offices in 64 countries and territories in its geographical regions: Europe, Asia, North America, Latin America, and Middle East and North Africa. With assets of US\$2,969bn at 30 September 2021, HSBC is one of the world's largest banking and financial services organisations.

HSBC Bank India

The Hongkong and Shanghai Banking Corporation Limited in India offers a full range of banking and financial services through 26 branches across 14 cities. HSBC is one of India's leading financial services groups, with around 39,000 employees in its banking, investment banking and capital markets, asset management, insurance, software development and global resourcing operations in the country. It is a leading custodian in India. The Bank is at the forefront in arranging deals for Indian companies investing overseas and foreign investments into the country.

HSBC Asset Management

HSBC Asset Management, the investment management business of the HSBC Group, invests on behalf of HSBC's worldwide customer base of retail and private clients, intermediaries, corporates and institutions through both segregated accounts and pooled funds. HSBC Asset Management connects HSBC's clients with investment opportunities around the world through an international network of offices in 25 countries and territories, delivering global capabilities with local market insight. As at 30 September 2021, HSBC Asset Management managed assets totaling US\$619bn on behalf of its clients.

For further information, please contact:

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