

Press Release*Friday, April 29, 2022, Mumbai***L&T Finance Holdings announces financial results for the quarter & financial year ended March 31, 2022****Digital and data analytics drives best-ever retail disbursements****Q4FY22 PAT up by 28% YoY**

- **FY22 PAT at Rs. 1,070 Cr, up 10% YoY. Q4FY22 PAT at Rs. 342 Cr.**
- Continued strong business momentum backed by inherent business strengths; **accelerated retailisation in FY22**
 - **Highest ever yearly retail disbursements at Rs. 24,901 Cr, up 42% YoY**
 - **Highest ever quarterly retail disbursement at ~Rs. 8,100 Cr, up 22% YoY**
 - **Retail portfolio mix at 51%** (up from 43% in Q4FY21); increase in retail book by **6% QoQ** and 10% YoY
 - Normalized collections rhythm with robust performance across businesses
 - **New products support future growth:** Continued scale-up of Consumer Loan business: ~Rs. 800 Cr disbursed in Q4FY22, book at Rs. 2,300 Cr
- **Continued performance on business levers:**
 - Achieved **NIM+Fees of 8.17% in Q4FY22**, up 7 bps QoQ
 - **Lowest ever WAC at 7.34%**, down 13 bps QoQ. Reduction in quarterly WAC by 31 bps YoY and well protected from liquidity tightening and increase in interest rates
 - GS3 at 3.80% in Q4FY22; PCR at 48%; NS3 at 2.00%. **Adequate additional provisions of Rs. 1,727 Cr (2.10% of standard assets)** over and above GS3 provisions and ECL on standard assets
- **Poised for medium to long-term growth with:**
 - Strong balance sheet - **Capital adequacy** improved to **22.9%** (Tier 1: 19.7%)
 - **D/E ratio at 4.27** in Q4FY22
- **Rated AAA by CRISIL, ICRA, CARE and India Ratings**

The Board of **L&T Finance Holdings (LTFH) Ltd.**, a leading Non-Banking Financial Company (NBFC), today announced the financial results for the fourth quarter and financial year, ended March 31, 2022. LTFH being a Core Investment Company (CIC), carries out its businesses through its wholly owned subsidiaries.

LTFH is among the market leaders in Farm Equipment finance, Two-Wheeler finance, as well as Micro Loans and continues to be one of the leading players in financing infrastructure sectors like renewables and roads. With a sustainable business model, data analytics led collection and disbursements, and a sharp focus on asset quality, the Company remains committed to building a stable and sustainable organization for all its stakeholders.

Commenting on the financial results Mr. Dinanath Dubhashi, Managing Director & CEO, L&T Finance Holdings, said, “LTFH’s results this quarter reflect our continuing focus on our stated strategy of retailisation of our business mix. The retail disbursements are at an all-time high owing to sustained focus on our business strengths as well as deep integration of data analytics in our decision-making process. The continued upswing in existing products and increased traction in new products bodes well in our journey to become a top-class retail finance company with over 80% retail book by 2026.”

Key Highlights:

The Company witnessed continued improvement in disbursements and collection efficiencies in Q4FY22. By continuing to work on the stated business levers of maintaining prudent liquidity, strengthening the balance sheet, following a data analytics-based collections approach, and rigorous adherence to collection led disbursement strategy, the Company is now strongly positioned for aggressive growth in retail businesses. The Company’s retail portfolio mix now stands at 51% (up from 43% in Q4FY21), in line with the stated strategic objective.

A. Disbursements: The inherent business strengths of LTFH helped the Company remain one of the leading retail financiers during the industry contraction phase of Farm Equipment and Two-Wheeler Financing. The retail book grew 6% QoQ, on the back of highest ever Q4 disbursements, supported by strong growth in Micro Loans and Consumer Loans businesses. Total disbursements in the quarter for retail businesses stood at Rs. 8,105 Cr, up 22% YoY, with Farm Equipment Finance, Two-Wheeler Finance and Consumer Loans businesses achieving all-time high annual disbursements.

Retail Businesses: The portfolio became the largest segment in LTFH, with a growth of 10% YoY.

- a. **Farm Equipment Finance:** The Company showcased strong performance with all-time high annual disbursements despite industry slowdown, by working on preferred dealer / OEM strategy and maintained its market share. Increased focus on lending to existing customers, also contributed to the performance.
- b. **Micro Loans:** Increased volumes in disbursements during the quarter, which stood at **Rs. 3,881 Cr** was driven by normalization of collections and better than industry asset quality. The Company continues to deepen the channel presence and further geo-diversification will lead to future growth.
- c. **Two-Wheeler Finance:** The all-time high disbursements in business, despite market slowdown, was delivered by working on business strategy built around dominating counter shares of preferred partners and increasing application of data analytics.
- d. **Consumer Loans:** LTFH’s first ‘digital native’ business achieved disbursements of Rs. 798 Cr in Q4FY22 with annual disbursements reaching Rs. 2,254 Cr. In addition to cross-sell to existing customers, the business is focusing on non-captive customers, targeted towards responsible end-use ecosystem, to fuel future growth.
- e. **Retail Housing:** Disbursements showcased steady uptick in the quarter, up by 29% QoQ and 34% YoY. The Company has revamped its offerings to both salaried as well as SENP segments.

In addition to existing products and to further accelerate retailisation, the Company has currently undertaken a pilot launch of SME loans, with end-to-end digital journey and use of analytics to deliver value added proposition for customers & channels.

Wholesale Businesses:

- a. Infrastructure Finance:** Improvement in business disbursements (both on QoQ and YoY basis) was on account of culmination of few large sanctions in identified focus areas of renewables and roads, where the Company is one of the leading players.
 - b. Real Estate Finance (RE):** Disbursements continued towards completion of existing projects, in line with business volumes. With continued focus on retailisation, as a part of its Lakshya 26 plan, the Company will continue to work on a capital light model for its wholesale businesses.
- B. Collections:** Improvement in Collection Efficiencies (CE), over Q3FY22, was led by the Company's strengths in on-ground collections and use of propensity-based data analytics to channelize resources.

Retail Businesses: The portfolio focus continued towards boosting 0 DPD collections and managing early bucket delinquencies.

- a. Farm Equipment Finance:** Achieved all-time high regular CE at 94.4% in Mar-22 owing to concerted on-ground collections, well above industry performance.
- b. Micro Loans:** Regular CE maintained at 99.6% in Mar-22 through consistent on-ground efforts. Focus on increasing adoption of QR-code based collections for enhancing ease of repayments.
- c. Two-Wheeler Finance:** Regular CE in Mar-22 at 98.8%, much better than industry levels. Focus on reduction in bounce rates using concentrated call centre and analytics driven resource allocation efforts.
- d. Consumer Loans:** Maintaining superior than industry portfolio quality. Mar-22 regular CE at 99.7%
- e. Home Loan / LAP:** Regular CE continued to be over 99.4% throughout the quarter owing to strong focus on reducing bounces and call center retention to control roll forwards.

Wholesale Businesses:

- a. Infrastructure Finance:** Timely repayments as well as pre-payments resulted in continued strong collections, attesting to strong portfolio quality.
- b. Real Estate Finance:** Principal repayment/ pre-payment in FY22 saw 62% uptick versus FY21 on back of continued focus on project completion and rigorous monitoring. 13% YoY reduction in RE portfolio majorly owing to principal repayment/ pre-payment of Rs. 3,201 Cr in past 12 months.

C. Liability Management: During the quarter, the Company continued to lock-in adequate long-term borrowings at lower interest rate with the intent of remaining well-protected from expected liquidity tightening and increase in interest rates in the coming quarters.

- Reduction in Yearly WAC to 7.50% in FY22, lowest ever, down 58 bps YoY
- Raised low cost PSL loans of Rs. 1,818 Cr in Q4FY22 and amongst the first NBFCs to raise money through Sustainability Linked Loans
- As of March 2022, maintained Rs. 11,765 Cr of liquid funds in the form of cash, FDs and other liquid investment

During FY22, the long-term ratings of LTFH and all its lending subsidiaries have been reaffirmed at 'AAA' (Stable Outlook) by all four credit rating agencies: CRISIL (March-22), CARE (Sep-21), India Ratings (Apr-22) and ICRA (Aug-21 and Sep-21).

D. Balance Sheet Strength: At the end of the quarter, GS3 in absolute terms stood at Rs. 3,249 Cr. In percentage terms, the GS3 and NS3 assets of the Company stood at 3.80% and 2.00% respectively with PCR on Stage 3 assets at 48%

<i>Rs. Cr</i>	Q4FY21	Q3FY22	Q4FY22
Gross Stage 3	4,504	4,866	3,249
Net Stage 3	1,377	2,419	1,681
Gross Stage 3 %	4.97	5.91	3.80
Net Stage 3 %	1.57	3.03	2.00

In addition to PCR on GS3 assets, the Company continues to carry additional provisions of Rs. 1,727 Cr (corresponding to 2.10% of standard assets). With the existing collection momentum in OTR pool, the Company remains confident that current provisions will be sufficient to counter any future stresses related to OTR accounts. Overall capital adequacy was 22.9% (Tier 1: 19.7%) and D/E stood at 4.27 in Q4FY22.

E. Asset Mix: Retail assets contributed to 51% of portfolio mix in Q4FY22 as against 43% in Q4FY21. The retail book saw a growth of 6% QoQ and the **Focused Book stood at Rs. 86,815 Cr** in Q4FY22.

<i>Rs. Cr</i>	Q4FY21	Q4FY22	Book Growth YoY %	Book Growth QoQ %
Retail Businesses	40,824	45,084	10	6
Wholesale Businesses	50,488	41,731	-17	2
Total Focused Book	91,312	86,815	-5	4
Defocused	2,702	1,526	-44	-29
Total Lending Book	94,013	88,341	-6	3

In the Investment Management business, the overall average AUM stood at Rs. 75,592 Cr as of Q4FY22, up by 4% on YoY basis.

F. Digital Initiatives: The Company has been amongst the early adopters of data analytics and digital initiatives to achieve market leadership across products. With a large rural customer base, the initiatives taken by the Company are primarily focused on efficiency improvement – resource allocation and replenishment of sourcing funnels. The ability of the Company to deliver industry leading collection efficiencies and TAT across retail products and the success of Consumer Loans business are visible results of the approach.

FY22 witnessed a gradual shift to emphasize on customer facing applications of digital and data analytics. During Q4FY22, the company launched its digital application (app) - PLANET by L&T Finance for its retail customers. The launch is second in line of customer facing apps in market by LTFH, having launched L&T Invest Xpress for its mutual fund customers, in the beginning of the year. The apps, available in both Android and iOS platforms, are amongst the first initiatives by LTFH to re-imagine customer engagement and act as one-stop solution for fulfilling all customer needs. In the end state, these initiatives will allow the Company to expand across geographies while reducing dependence on on-ground channels for customer connect.

G. CSR and Sustainability: LTFH has been amongst the early movers on ESG initiatives, having published its first sustainability report as early as FY2020. The Company continued progress and commitment to sustainable growth, thereby raising its first Sustainability Linked Rupee loan in Q4FY22. During the course of FY22, the CSR reach of the Company expanded to ~20 lakh community members mainly through its flagship program ‘Digital Sakhi’ – focusing on digital financial literacy for rural women, thus providing impetus on women empowerment and gender equality.

The Company announced its commitment to achieve Water Neutrality by FY22 and has achieved the same. The Company had also announced its commitment to achieve Carbon Neutrality by FY35 and reduced its carbon emissions by ~20% on estimated carbon footprint in FY22. The company will continue to maintain the highest standards of ESG practices and work towards mainstreaming them into business operations and value chain.

H. Financial Performance Summary: Uptick in financial performance in Q4FY22 was the result of continued on-ground efforts and utilization of data analytics for decision making:

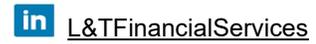
- **Increase in NIM+ Fees** to 8.17%, up 7 bps QoQ and on same levels as Q4FY21. NIMs + Fees for FY22 at 7.84%, up 89 bps YoY
- **Reduction in credit costs** to Rs. 651 Cr for the quarter, down 7% QoQ and on same levels as last year same quarter
- **Increase in PAT** to Rs. 342 Cr, up 28% YoY and 5% QoQ

Mr. Dubhashi further added, “The existing strengths built over the years places the company in great stead for the next phase of growth. LTFH has set up a goal of being a top-notch retail finance company

by 2026, with growth originating from a ‘customer-focused’ approach, consisting of both native as well open market borrowers. This will be built on our strong digital & analytical abilities, allowing us to identify need of the customer and fulfilling them through our product offerings, which will multiply multifold in the near future.”

About L&T Finance Holdings (LTFH):

LTFH (www.ltfs.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 awarded FICCI’s Corporate Social Responsibility Award for “Women Empowerment” for Digital Sakhi, its flagship CSR program. The Company announced its commitment to achieve Water Neutrality by FY22 and has achieved the same. The company has also announced its commitment to achieve Carbon Neutrality by FY35.



For further information, please contact:

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