

October 24, 2015

National Stock Exchange of India Limited
Exchange Plaza,
Plot No. C/1, G Block,
Bandra - Kurla Complex, Bandra (East),
Mumbai - 400 051.

BSE Limited
Corporate Relations Department,
1st Floor, New Trading Ring,
P. J. Towers, Dalal Street,
Mumbai - 400 001.

Symbol: L&TFH

Scrip Code No.: 533519

Kind Attn: Head – Listing Department / Dept of Corporate Communications

Sub: Unaudited Consolidated Financial Results under Clause 41 of the Equity Listing Agreement

Dear Sir/ Madam,

This has reference to our letter of even date for submitting Unaudited Standalone Financial Results of the Company for the quarter and half year ended September 30, 2015.

Please find enclosed herewith Unaudited Consolidated Financial Results of the Company for the quarter and half year ended September 30, 2015 along with Limited Review Report of Statutory Auditors and Press Release thereon.

Kindly take the same on record and acknowledge the receipt.


Thanking you,

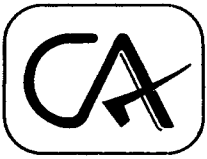
Yours faithfully,

For **L&T Finance Holdings Limited**



N. Suryanarayanan
Company Secretary

 Encl: as above



SHARP & TANNAN

Chartered Accountants

Limited review report to the board of directors of L&T Finance Holdings Limited for the six month period ended September 30, 2015

Introduction

We have reviewed the accompanying statement of unaudited consolidated financial results of L&T Finance Holdings Limited ("the Company") and its subsidiaries and associate ("the LTFH Group") for the six month period ended September 30, 2015 ("the Statement") except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. This statement is the responsibility of the Company's management and has been approved by the board of directors on October 24, 2015. Our responsibility is to issue a report on these financial statements based on our review.

Scope of review

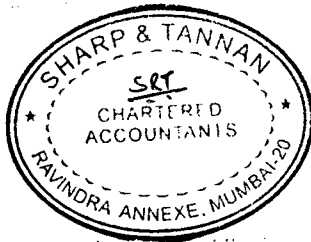
We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Other matters

We did not review the financial statements of seven subsidiaries included in the consolidated financial results, whose interim financial statements reflect total assets of Rs. 33,91,187.55 lakhs as at September 30, 2015; as well as the total revenue of Rs. 2,00,032.34 lakhs and net cash flow amounting to Rs. (37,318.02) lakhs for the six month period ended September 30, 2015. These interim financial statements and other financial information have been reviewed by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial results, to the extent they have been derived from such interim financial statements is based solely on the report of such auditors.

We further report that in respect of one associate, we did not carry out the review. These financial statements have been certified by management and have been furnished to us, and in our opinion, insofar as it relates to the amounts included in respect of an associate are based solely on these certified financial statements.

Since the financial statements for the six month period ended September 30, 2015, which were compiled by management of the company, were not reviewed, any adjustments to their balances could have consequential effects on the condensed consolidated financial statements. However, the size of an associate in the consolidated position is not significant in relative terms. The consolidated financial statements include the net carrying cost of investment of Rs. 4,661.27 lakhs and current period share of net profit of Rs. 141.30 lakhs in respect of an associate. Our opinion is not qualified in respect of this matter.



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Farook M. Kobla
Edwin Augustine

Shreedhar T. Kunte
Raghunath P. Acharya

Milind P. Phadke
Firdosh D. Buchia

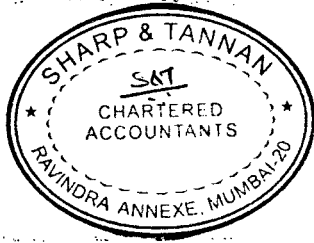
Ramnath D. Kare
Thirtharaj A. Khot

Ashwin B. Chopra
Pavan K. Aggarwal

Also at Pune. Associate Offices : Bangalore, Chennai, Goa & New Delhi

Conclusion

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited consolidated financial results prepared in accordance with applicable accounting standards prescribed by section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of clause 41 of the listing agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.



Mumbai, October 24, 2015

SHARP & TANNAN
Chartered Accountants
Firm's registration no. 109982W
by the hand of

A handwritten signature in black ink, appearing to read "Milind P. Phadke".

Milind P. Phadke
Partner

Membership no. 033013

(₹ Lakh)

PART I : STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2015							
Sr. No.	Particulars	Quarter ended			Half year ended		Year ended
		September 30, 2015	June 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014	March 31, 2015
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Income from operations	1,79,338.20	1,71,763.25	1,55,180.74	3,51,101.45	2,98,959.36	6,19,622.86
2	Expenses:						
	a) Employee benefits expense	13,115.71	11,477.09	8,697.96	24,592.80	16,518.74	35,227.05
	b) Professional fees	4,410.43	4,740.87	6,401.97	9,151.30	11,683.63	24,955.54
	c) Allowances and write-offs	18,342.20	18,781.51	15,678.92	37,123.71	28,362.89	66,167.50
	d) Depreciation and amortisation	2,070.32	2,099.21	2,178.16	4,169.53	5,135.46	9,550.41
	e) Administration and other expenses	14,324.56	12,767.29	10,634.36	27,091.85	18,981.51	37,972.85
	Total expenses (a+b+c+d+e)	52,263.22	49,865.97	43,591.37	1,02,129.19	80,682.23	1,73,873.35
3	Profit from operations before other income, finance costs and exceptional items (1-2)	1,27,074.98	1,21,897.28	1,11,589.37	2,48,972.26	2,18,277.13	4,45,749.51
4	Other income	4,414.57	4,076.87	3,480.40	8,491.44	6,556.74	14,122.07
5	Profit from ordinary activities before finance costs and exceptional items (3+4)	1,31,489.55	1,25,974.15	1,15,069.77	2,57,463.70	2,24,833.87	4,59,871.58
6	Finance costs	99,764.18	98,449.97	88,297.58	1,98,214.15	1,74,369.39	3,56,778.73
7	Profit from ordinary activities after finance costs but before exceptional items (5-6)	31,725.37	27,524.18	26,772.19	59,249.55	50,464.48	1,03,092.85
8	Exceptional items (Refer note 3)	-	-	-	-	14,389.42	14,389.42
9	Profit from ordinary activities before tax (7+8)	31,725.37	27,524.18	26,772.19	59,249.55	64,853.90	1,17,482.27
10	Tax expense:						
	a) Current tax	11,507.53	11,234.39	9,687.39	22,741.92	19,765.45	41,781.13
	b) MAT credit	(1,179.33)	(487.68)	-	(1,667.01)	-	(2,267.69)
	c) Deferred tax	(38.05)	(2,433.54)	(1,011.60)	(2,471.59)	(1,566.24)	(7,102.64)
	Total tax expense (a+b+c)	10,290.15	8,313.17	8,675.79	18,603.32	18,199.21	32,410.80
11	Net profit from ordinary activities after tax (9-10)	21,435.22	19,211.01	18,096.40	40,646.23	46,654.69	85,071.47
12	Extraordinary items	-	-	-	-	-	-
13	Net profit before share in profit/(loss) of associates (11+-12)	21,435.22	19,211.01	18,096.40	40,646.23	46,654.69	85,071.47
14	Share of profit of associates	106.08	35.22	67.14	141.30	96.54	396.43
15	Net profit for the period/ year (13+14)	21,541.30	19,246.23	18,163.54	40,787.53	46,751.23	85,467.90
16	Paid-up equity share capital (Face value of ₹ 10/- each) (Refer note 4)	1,72,106.45	1,72,069.93	1,71,912.15	1,72,106.45	1,71,912.15	1,72,028.59
17	Reserves excluding Revaluation Reserve	-	-	-	-	-	4,65,618.84
18	Earnings per share (EPS): (Refer note 7)						
	a) Basic EPS before and after extraordinary items (₹) (* not annualised)	*0.94	*0.84	*0.89	*1.78	*2.42	4.30
	b) Diluted EPS before and after extraordinary items (₹) (* not annualised)	*0.94	*0.84	*0.89	*1.78	*2.42	4.29
19	Profit after tax from normal operations (i.e. excluding exceptional and extraordinary items)	21,541.30	19,246.23	18,163.54	40,787.53	34,886.81	73,603.48

PART II : SELECT INFORMATION FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2015

PART II : SELECT INFORMATION FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2015						
A PARTICULARS OF SHAREHOLDING						
1	Public shareholding					
	- Number of shares	55,13,55,290	46,57,63,301	43,01,17,659	55,13,55,290	43,01,17,659
	- Percentage of shareholding	32.04%	27.07%	25.02%	32.04%	25.02%
2	Promoters and Promoter Group shareholding					
	a) Pledged / encumbered					
	- Number of shares	Nil	Nil	Nil	Nil	Nil
	- Percentage of shares (as a % of the total shareholding of promoters and promoter group)	NA	NA	NA	NA	NA
	- Percentage of shares (as a % of the total share capital of the Company)	NA	NA	NA	NA	NA
	b) Non-encumbered					
	- Number of shares	1,16,97,09,304	1,25,49,36,010	1,28,90,03,865	1,16,97,09,304	1,28,90,03,865
	- Percentage of shares (as a % of the total shareholding of promoters and promoter group)	100%	100%	100%	100%	100%
	- Percentage of shares (as a % of the total share capital of the Company)	67.96%	72.93%	74.98%	67.96%	74.98%

Particulars	Quarter ended September 30, 2015
B INVESTOR COMPLAINTS	
Pending at the beginning of the quarter	Nil
Received during the quarter	3
Disposed off during the quarter	3
Remaining unresolved at the end of the quarter	Nil

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2015

(₹ Lakh)

Sr. No.	Particulars	As at	
		September 30, 2015	March 31, 2015
		(Unaudited)	(Audited)
A	EQUITY AND LIABILITIES		
1	Shareholders' funds		
	(a) Share capital	3,68,446.45	3,08,368.59
	(b) Reserves and surplus	5,02,703.49	4,65,618.84
	Sub-total - Shareholders' funds	8,71,149.94	7,73,987.43
2	Minority interest	10,030.00	10,030.00
3	Non-current liabilities		
	(a) Long-term borrowings	32,82,995.15	29,40,091.40
	(b) Other long-term liabilities	75,410.89	60,400.59
	(c) Long-term provisions	31,651.55	26,707.99
	Sub-total - Non-current liabilities	33,90,057.59	30,27,199.98
4	Current liabilities		
	(a) Short-term borrowings	5,94,309.23	5,98,869.67
	(b) Current maturities of long term borrowings	6,54,892.40	6,70,102.69
	(c) Trade payables	4,369.77	7,222.49
	(d) Other current liabilities	1,75,344.30	1,66,316.77
	(e) Short-term provisions	7,811.79	20,487.62
	Sub-total - Current liabilities	14,36,727.49	14,62,999.24
	TOTAL - EQUITY AND LIABILITIES	57,07,965.02	52,74,216.65

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L&T FINANCE HOLDINGS LIMITED

CIN. L67120MH2008PLC181833

Regd. Office : L&T House, Ballard Estate, Mumbai - 400 001

Website: www.ltfinanceholdings.com Email: lgre@ltfinanceholdings.com Phone: +91 22 6621 7300 Fax: +91 22 6621 7509

B	ASSETS		
1	Non-current assets		
	(a) Fixed assets	72,339.42	71,847.04
	(b) Goodwill on consolidation	63,891.06	63,891.06
	(c) Non-current investments	1,10,352.50	1,04,314.61
	(d) Deferred tax assets (net)	31,450.41	28,978.83
	(e) Long-term loans and advances	32,960.37	27,935.18
	(f) Long-term loans and advances towards financing activities	37,62,253.07	34,57,198.70
	(g) Other non-current assets	38,467.09	38,484.17
	Sub-total - Non-current assets	41,11,713.92	37,92,649.59
2	Current assets		
	(a) Current investments	2,12,691.95	1,60,607.01
	(b) Trade receivables	1,764.54	2,137.19
	(c) Cash and bank balances	58,925.75	86,232.95
	(d) Short-term loans and advances towards financing activities	3,26,391.29	2,71,122.76
	(e) Current maturities of long term loans and advances towards financing activities	8,55,355.50	8,47,991.90
	(f) Other current assets	1,41,122.07	1,13,475.25
	Sub-total - Current assets	15,96,251.10	14,81,567.06
	TOTAL - ASSETS	57,07,965.02	52,74,216.65

Notes:

- The consolidated financial statements are prepared in accordance with Accounting Standards 21 and 23.
- Pursuant to Clause 41 of the Equity Listing Agreement, the Company has opted to publish the consolidated financial results. The unaudited standalone financial results have been submitted separately to the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE), where the equity shares of the Company are listed. The unaudited standalone financial results for the quarter and half year ended September 30, 2015 are summarized below and detailed financial results are also available on the Company's website www.ltfinanceholdings.com.

(₹ Lakh)

Particulars	Quarter ended			Half year ended		Year ended
	September 30,	June 30,	September 30,	September 30,	September 30,	March 31,
	2015	2015	2014	2015	2014	2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Income from operations	13,191.74	1,213.55	988.33	14,405.29	1,885.39	29,061.91
Profit/(loss) from ordinary activities before tax for the period/year	13,759.17	1,754.36	169.54	15,513.53	(395.71)	25,202.77
Net profit/(loss) for the period/year after tax	14,307.09	2,166.79	148.57	16,473.88	(409.38)	26,162.80

- Exceptional items during the half year ended September 30, 2014 and year ended March 31, 2015 represent the gain of ₹ 14,389.42 lakhs on sale of investment in City Union Bank Limited.
- The Company, during the current quarter has allotted 365,283 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).
- Share / Debenture issue expenses for the half year ended September 30, 2015 amounting to ₹ 894.94 lakh have been adjusted against Securities Premium Account.
- Earnings per share from normal operations (i.e. excluding exceptional and extraordinary items) (Refer note 7)

Particulars	Quarter ended			Half year ended		Year ended
	September 30,	June 30,	September 30,	September 30,	September 30,	March 31,
	2015	2015	2014	2015	2014	2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
(a) Basic EPS from normal operations (i.e. excluding exceptional and extraordinary items) (* not annualised) (₹)	*0.94	*0.84	*0.89	*1.78	*1.73	3.61
(b) Diluted EPS from normal operations (i.e. excluding exceptional and extraordinary items) (* not annualised) (₹)	*0.94	*0.84	*0.89	*1.78	*1.73	3.60

- Earnings per share is calculated after adjusting pro-rata dividend on outstanding preference shares.
- Pursuant to regulatory guidelines issued by RBI vide circular no. RBI/2014-15/299 DNBR (PD) CC.No. 002/03.10.001/2014-15 dated November 10, 2014, NPA recognition criteria is revised from 180 days past due to 150 days past due with effect from first quarter of financial year 2015-16. The below table provides NPA summary at 150 days past due (corresponding previous period numbers are management estimates) and 180 days past due (in brackets) for comparative purpose.

Particulars	Quarter ended			Half year ended		Year ended
	September 30,	June 30,	September 30,	September 30,	September 30,	March 31,
	2015	2015	2014	2015	2014	2015
a) Amount of Gross NPA (₹ Lakh)	1,54,246.09 (1,36,224.95)	1,47,358.04 (1,27,754.10)	1,77,846.30 (1,22,822.08)	1,54,246.09 (1,36,224.95)	1,77,846.30 (1,22,822.08)	1,42,810.30 (1,04,484.02)
b) Amount of Net NPA (₹ Lakh)	99,264.61 (81,623.63)	95,750.19 (76,586.24)	1,36,224.18 (82,137.75)	99,264.61 (81,623.63)	1,36,224.18 (82,137.75)	96,302.23 (57,975.95)
c) Gross NPA (%)	3.08% (2.72%)	3.05% (2.64%)	4.29% (2.96%)	3.08% (2.72%)	4.29% (2.96%)	3.08% (2.25%)
d) Net NPA (%)	2.00% (1.65%)	2.00% (1.60%)	3.32% (2.00%)	2.00% (1.65%)	3.32% (2.00%)	2.10% (1.26%)

Note : Above includes NPA for L&T Housing Finance Ltd (wholly owned subsidiary of L&T Finance Holdings Ltd) are recognised at 90 days past due as per extant National Housing Bank (NHB) regulations .

- Previous periods/year figures have been regrouped/reclassified to make them comparable with those of current period.
- The above financial results have been subjected to Limited Review by the Statutory Auditors, reviewed by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on October 24, 2015.

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L&T FINANCE HOLDINGS LIMITED
CIN. L67120MH2008PLC181833

Regd. Office : L&T House, Ballard Estate, Mumbai - 400 001

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11 Segment-wise Revenue, Results and Capital Employed in terms of Clause 41 of the Equity Listing Agreement:

(₹ in Lakh)

Sr. No.	Particulars	Quarter ended			Half year ended		Year ended
		September 30, 2015	June 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014	March 31, 2015
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	Gross segment revenue from continuing operations						
a	Retail and Mid Market Finance	1,02,225.24	97,488.94	92,267.82	1,99,714.18	1,79,195.65	3,62,817.38
b	Wholesale finance	70,418.70	67,772.27	58,736.20	1,38,190.97	1,12,122.75	2,39,417.55
c	Investment Management	6,309.21	5,753.55	3,345.51	12,062.76	6,024.47	13,912.00
d	Others	14,202.83	2,111.44	1,938.43	16,314.27	3,824.58	33,329.24
	Total	1,93,155.98	1,73,126.20	1,56,287.96	3,66,282.18	3,01,167.45	6,49,476.17
	Less: Inter Segment revenue	(13,817.78)	(1,362.95)	(1,107.22)	(15,180.73)	(2,208.09)	(29,853.31)
	Net segment revenue from continuing operations	1,79,338.20	1,71,763.25	1,55,180.74	3,51,101.45	2,98,959.36	6,19,622.86
	Segment Result (Profit/(loss) before tax)						
a	Retail and Mid Market Finance	16,627.63	13,760.43	14,534.32	30,388.06	27,594.07	59,411.59
b	Wholesale finance	15,305.14	13,040.93	12,631.81	28,346.07	24,326.76	46,807.14
c	Investment Management	606.55	371.53	106.41	978.08	262.80	1,199.79
d	Others (net of expenses)#	(813.95)	351.29	(500.35)	(462.66)	12,670.27	10,063.75
	Profit before tax	31,725.37	27,524.18	26,772.19	59,249.55	64,853.90	1,17,482.27
	Capital employed (Segment assets less segment liabilities)*						
a	Retail and Mid Market Finance	3,41,266.45	3,52,022.81	3,41,465.17	3,41,266.45	3,41,465.17	3,53,718.08
b	Wholesale finance	3,12,251.93	3,04,905.33	2,64,720.12	3,12,251.93	2,64,720.12	2,94,156.17
c	Investment Management	72,876.98	72,640.76	70,718.29	72,876.98	70,718.29	71,640.63
d	Others	1,44,754.58	1,23,238.84	88,090.77	1,44,754.58	88,090.77	54,472.55
	Total capital employed	8,71,149.94	8,52,807.74	7,64,994.35	8,71,149.94	7,64,994.35	7,73,987.43
	# Includes exceptional income of ₹ 14,389.42 lakh for the half year ended September 30, 2014 and year ended March 31, 2015						
	* Includes Cumulative Compulsorily Redeemable Preference Share Capital of ₹ 196,340.00 lakh as on September 30, 2015						

- (i) Segments have been identified in accordance with Accounting Standard (AS) 17 on Segment Reporting, considering the risk/return profiles of the businesses, their organisational structures and the internal reporting systems. The smaller business segments which are not separately reportable have been grouped under "Others" segment.
- (ii) Segment composition :
Retail and Mid Market Finance comprises of Rural Products Finance, Personal Vehicle Finance, Microfinance, Housing Finance, Commercial Vehicle Finance, Construction Equipment Finance, Loans & Leases, Loan Against Shares and Supply Chain Finance,
Wholesale Finance comprises of project finance and non-project corporate finance to infra and non-infra segments across Power – Thermal and Renewable; Transportation – Roads, Ports and Airports; Telecom and Other non-infra segments,
Investment Management comprises of Assets Management of Mutual Fund and Private Equity Fund,
Others comprises of Wealth Management, Financial Product Distribution etc.

For and on behalf of the Board of Directors
L&T Finance Holdings Limited



Y. M. Deosthalee
Chairman & Managing Director
(DIN : 00001698)

Place : Mumbai
Date : October 24, 2015

SET

Press Release

Saturday, 24th October 2015, Mumbai

Financial Performance for the quarter and half year ended 30th September, 2015

Consolidated Profit (before exceptional items) for the quarter grows by 19%

Healthy Growth in Loans & Advances by 19%

L&T Finance Holdings (L&TFH) today released details of their financial performance for the quarter and half year ended 30th September, 2015.

Highlights:

- **Growth in assets:** Loans & Advances as on 30th September 2015 grew by 19% y-o-y to Rs. 50,986 Cr. as compared to Rs. 42,762 Cr as on 30th September 2014. This has been led by steady disbursement growth of 18% on a y-o-y basis in our key focus areas i.e. B2C products - two wheelers, housing and microfinance in the retail business and operational projects in the wholesale business.

The Average Assets Under Management (AAUM) of the investment management business grew by 17% to Rs 24,280 Cr as compared to Rs 20,673 Cr for the same period last year. The share of equity assets increased to 40% of the total AAUM, reaching Rs 9,817 Cr representing a 53% increase on a y-o-y basis.

- **Profit after Taxes (PAT):** The Consolidated PAT for the quarter grew by 19% y-o-y to Rs. 215 Cr compared to Rs 182 Cr in the same period last year. The operating performance has continued to remain steady with healthy margins, strong fee income and stable opex. The asset management business continues to contribute positively.
- **Asset Quality:** Gross NPA% remains stable on a sequential quarter basis and accounts for a marginal movement from restructured asset category to NPA category. On a y-o-y basis Gross NPA% shows an increase on back of NPA recognition moving to 150 days past due and an above normal delinquency in the farm portfolio.

Rs Cr	Q2FY15 @ 180 days	Q1FY16 @ 150 days	Q2FY16	
			@ 180 days	@ 150 days
Gross NPA	1,228	1,473	1,362	1,542
Net NPA	821	958	816	993
Gross NPA %	2.96%	3.05%	2.72%	3.08%
Net NPA %	2.00%	2.00%	1.65%	2.00%
Provision Coverage %	33%	35%	40%	36%

In line with a conservative provisioning policy, the Company carries ~Rs 265 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 19% growth in loans and advances along with a 19% growth in profits for the quarter on a y-o-y basis accompanied by a stable asset quality. We are confident of maintaining this trend of consistent growth in assets and profitability on the back of lending opportunities around our focus areas of B2C products in the retail business and operational assets in wholesale business. While we expect certain amount of slippage of restructured assets

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into NPA, farm NPLs that have shown a slight moderation on a sequential quarter basis may experience some volatility before settling to normal levels. With incremental slippage from standard assets expected to be minimal, we expect overall asset quality to remain stable. The return metrics are expected to continue to show an improving trajectory aided by stable operating metrics and optimization of leverage.”

Profit after Taxes

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. Net Interest Margins (NIMs) for the lending business has shown a 16% growth y-o-y to Rs 734 Cr (5.86%) from Rs 631 Cr (6.04%) in the same period last year. The growth in PAT is after accounting for income reversal on assets in the 150 -180 days past due bucket on a year on year basis.

Business	PAT (Rs Cr)			
	Q2FY15	Q1FY16	Q2FY16	Growth %
Retail Finance	96	89	107	12%
Wholesale Finance	89	89	100	11%
Investment Management	0	2	5	-
Others	(3)	12	3	-
Total	182	192	215	19%

Assets

B2C products constitute 61% of the total loan outstanding in the retail business while operating projects account for 58% of the total loan outstanding in the wholesale business.

Business	Disbursements (Rs Cr)			Loans & Advances (Rs Cr)		
	Q2FY15	Q2FY16	Growth %	Q2FY15	Q2FY16	Growth %
Retail Finance	4,465	5,842	31%	23,102	26,187	13%
Wholesale Finance	3,220	3,254	1%	19,660	24,799	26%
Total	7,685	9,096	18%	42,762	50,986	19%

Outlook:

Consolidating and strengthening our presence in retail B2C products (tractors, 2 Wheelers, microfinance and housing finance) and further enhancing our position as a leading financier of operational projects with particular emphasis on renewables and roads will continue to be the key growth drivers for the year. We expect overall asset growth for the year to be around 25%.

The gradual improvement in returns is expected to continue aided by the key operating metrics remaining stable and optimization of operating and financial leverage.

While there are early signs of revival seen in the recent macroeconomic numbers including IIP growth being at a three year high and liquidity position of borrowers beginning to ease, we expect a more gradual and sustained recovery to play out over the next 12 months. In the interim, certain restructured assets could move into the NPA category due to temporary cash flow issues. The liquidity of farmers has been impacted by deficient rainfall and occurrence of three consecutive cash negative crop cycles. Consequently the improvement in farm delinquencies is expected to be gradual.

Reporting of NPAs at 150 days overdue beginning this fiscal and migrating towards 90 days overdue over the next two years will result in the reported Gross NPAs (especially in the retail segment) being elevated compared to previous time periods. Our assessment shows that our current provisioning norms will adequately take care of actual loss experienced on the ground and would cover the provisioning requirements due to the new NPA recognition norms.

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, FamilyCredit 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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