L&T Finance

BUSINESS IMPACT REPORT

FY25

FINANCE WITH A PURPOSE

Every rupee invested by LTF resulted in ₹ 3.02 worth of True Earnings

Based on True Value methodology by external consultant

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INTRODUCTION TO THE REPORT

India's one of the leading non-banking financial companies, L&T Finance Limited (formerly known as L&T Finance Holdings Limited) (hereinafter referred to as 'LTF' or 'the Company') is committed to enabling economic progress and social upliftment by delivering timely, responsible, and inclusive financial solutions. In an era where businesses are called upon to contribute meaningfully to people, planet, and prosperity, LTF recognise the need to go beyond financial metrics and examine the true value the Company creates for society through its businesses.

This Business Impact Report marks a pivotal milestone for LTF as it is the first such study conducted by the Company through an external consultant to comprehensively assess the social, environmental, and economic impact of its operations and businesses. The assessment is a strategic initiative designed to quantify and articulate the net value LTF generates for its stakeholders. By integrating non-financial indicators into the evaluation framework, the report provides a holistic view of how LTF's operations contribute to long-term value creation. It reflects the Company's dedication to transparency, accountability, and continuous improvement in its sustainability journey.

This assessment goes beyond compliance and reporting, laying out a path for further enhancing LTF's impact.

LEADERSHIP REFLECTION - DRIVING IMPACT

CREATING VALUE AND IMPACT THROUGH BUSINESS

At LTF, our vision has always been to enable financial inclusion while ensuring that growth is sustainable, responsible, and inclusive. LTF has established itself as one of India's leading non-banking financial companies (NBFCs), known for its commitment to balancing growth with responsibility. Rooted in the strong foundation of the L&T brand, LTF's approach integrates Environmental, Social, and Governance (ESG) principles into its operations, decision-making, and business model.

FY25 was a defining chapter of resilience, transformation, and purpose, where every challenge became an opportunity. This year, we crossed a milestone—three decades of operations. The Business Impact Report marks a milestone in this journey, it goes beyond financial outcomes to evaluate the wider economic, social, and environmental impact we create through our 'business as usual'.

This first edition of the True Value assessment represents our attempt to quantify and communicate the value we create. I see this not just as a report, but as a commitment — to our stakeholders, our employees, and the millions of customers we serve — that LTF will continue to build a business that creates enduring value.

Our True Earnings stood at ₹ 3.02 for every ₹ 1 of reported profit, a reflection of the lives we've touched and the trust we've earned. It also underscores our commitment to environmental stewardship and governance excellence while contributing to national development priorities. Our varied business offerings from Farm Equipment Finance and Rural Business Finance that empowers rural India, to Two-Wheeler Loans, Home Loans, Micro Loans, Gold Loans and SME/Personal Loans—translates aspirations into reality. These are not just products; they are instruments of empowerment.

Guided by our five-pillar strategy—enhancing customer acquisition, sharpening credit underwriting, implementing futuristic digital architecture, heightened brand visibility, and capability building supported by innovations like Project Cyclops, we are reaching underserved segments with dignity and care. As we look ahead to Lakshya 2031, our long-term vision is clear: True Value is not just a metric—it defines how we operate, innovate, and grow with our stakeholders.

More importantly, it reaffirms our belief that business success must be measured not just in profits, but in the prosperity and well-being we help generate for the society.

We remain committed to delivering responsible finance, advancing climate action, and fostering inclusive growth —creating true positive impact for all our stakeholders.

Sudipta Roy

Managing Director and Chief Executive Officer

AFFIRMING THE IMPACT BY EMBEDDING SUSTAINABILITY INTO BUSINESS

LTF has been a pioneer and early adopter of various sustainability-related practices, and in many cases, well ahead of regulatory mandates. Some of which include the first green bond issuance, voluntary adoption of practices such as Business Responsibility and Sustainability Reporting (BRSR) disclosures before it became a mandate obtaining assurance of reporting, conducting double materiality, becoming a member of Partnership for Carbon Accounting Financials (PCAF), disclosing portfolio emissions with gradually expanding the scope of disclosures, and publicly disclosing sustainability targets across business and operations. This journey transitioned from disclosure-based compliance to building an ESG-conscious organisation aligning with national and global sustainability priorities. One of the key milestones was the launch of our Sustainable Finance Framework, channelling capital into projects delivering measurable social and environmental benefits.

As the Chief Sustainability Officer, I see the 'Business Impact Report' using the true value framework as a reflection of our performance in continuing our contribution towards society, economy and the environment. It demonstrates how sustainability is a driver of business resilience, risk management, and long-term competitiveness. Our True Value Assessment revealed an overall impact of ₹ 37,641 Cr across economic, social, and environmental dimensions. It reflects the ripple effect of our purpose-led approach, from empowering rural communities to advancing financial literacy.

The study also surfaced critical insights—such as financed emissions and carbon footprints—that demand urgent innovation. These challenges are opportunities to strengthen strategy and resilience.

As we align with global standards while staying rooted in local realities, every initiative—from reducing environmental footprint to promoting diversity—moves us closer to a sustainable future. True Value, for us, is nurturing trust, enabling progress, and leaving a legacy of impact.

Apurva Rathod
Company Secretary and Chief Sustainability Officer

BUSINESS OVERVIEW

Farmer Finance

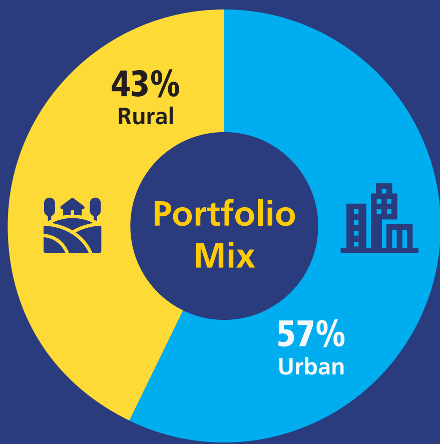
- Farm Equipment Finance
- Agri Allied Finance

Gold Finance

- Gold Loans

Urban Finance

- Two-Wheeler Finance
- Home Loans and LAP
- Personal Loans



Rural Business Finance

- Rural Group Loans and Micro Finance (JLG)
- Micro LAP

SME Finance

- SME Loans to professionals and Traders (including Supply Chain)

DIVERSIFIED RETAIL NBFC

Leveraging 2.6+ Cr customer franchise for cross sell

13,000+ Distribution touch points

Rural Network

18 States	~2,00,000 Villages

Urban Network

21 States	4 Union Territories	400+ Cities/Towns

Amongst the Leading Financiers in 3 fulcrum products

- Rural Group Loans & Micro Finance (JLG)
- Two Wheeler Finance
- Farm Equipment Finance

The company can position itself as leader, pioneer, expert or any word indicating it as the best only based on factual data which is widely available and not based on single-source, unless such source is a recognized source and has third-party certification. The company shall also indicate the source based on which such claim is being made and the information on such source should be in the public domain verifiable.

Products as of Q1FY26

Our Businesses

1 Farmer Finance

Under the Farmer Finance segment, LTF provides a comprehensive suite of products tailored to support farmers throughout the agricultural lifecycle.

- LTF is one of the leading financiers in the **Farm Equipment Finance space,** offering loans for the purchase of new tractors and agricultural equipment such as rotavators, trailers, threshers, and harvesters.
- The **Agri Allied Loan** enables LTF to further strengthen its presence in the agricultural value chain. LTF has also introduced Warehouse Receipt Finance, a solution designed to meet post-harvest financing needs, thereby enhancing liquidity and storage capabilities.

2 Rural Business Finance

- **Rural Group Loans and Micro Finance** supports women empowerment in rural India by fostering entrepreneurship and promoting financial independence.
- The **Micro Loan Against Property** product caters to the financing needs of a niche rural segment by offering credit against self-occupied residential properties.

3 Urban Finance

- **Two-Wheeler Finance loan** offers financing for two-wheelers, including electric two-wheelers, empowering individuals to access new job opportunities and enhance their financial stability.
- **Home Loan** aids urban customers to achieve social security and improved living standards through accessible housing finance.
- The **Loan Against Property (LAP)** segment provides flexible funding solutions for individuals and businesses, against property/ commercial space enabling quick access to capital.
- **Personal Loans** allows individuals to borrow money for personal use—such as consolidating debt, covering medical expenses, financing a wedding, or making home improvements.

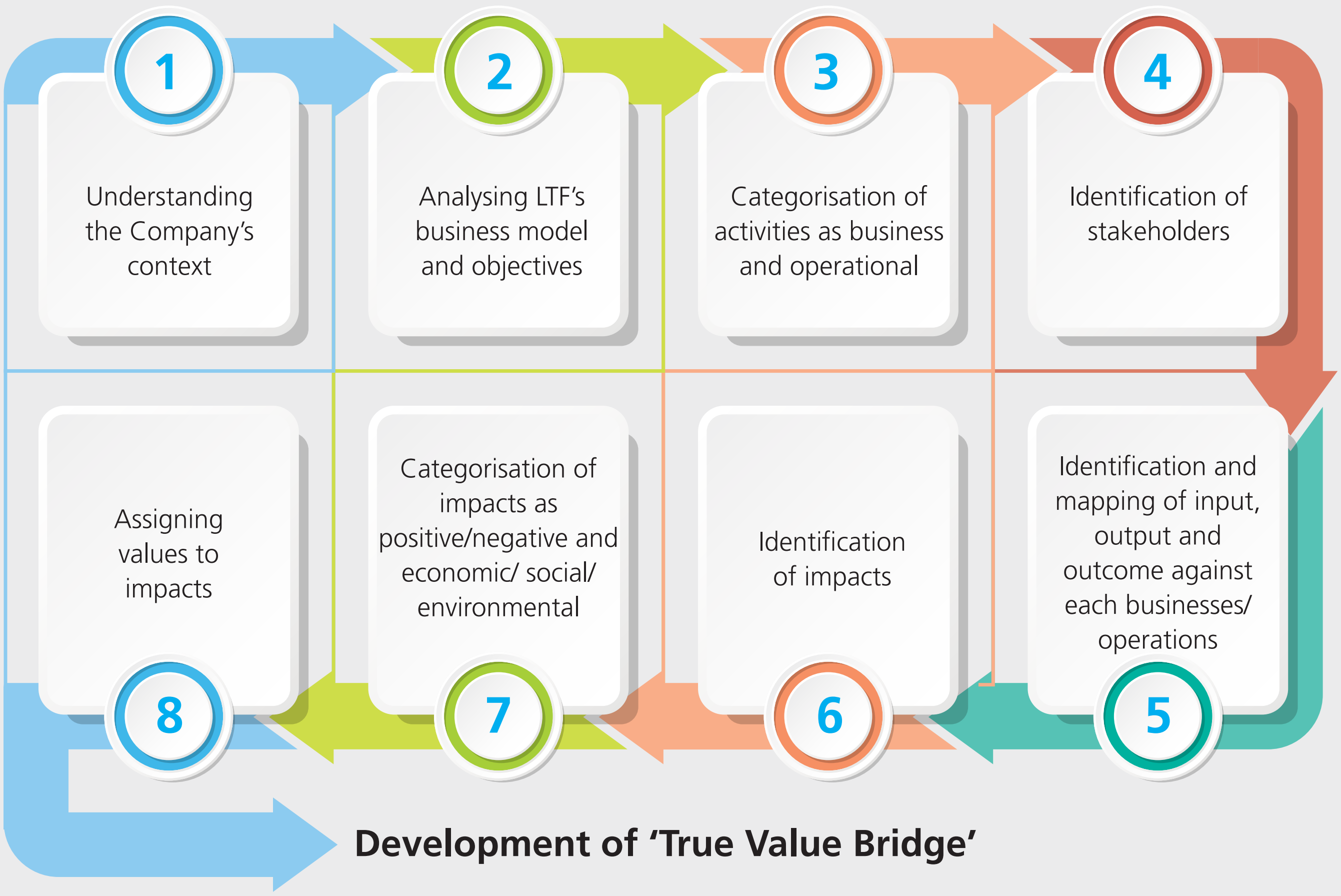
4 SME Finance

- Business Loan provides tailored and flexible financial solutions to **Small and Medium Enterprises** as well as **Doctors, Chartered Accountants, Company Secretaries, ICWAs,** supporting a wide range of needs including such as business expansion, working capital, equipment purchase, and other business-related expenses.

5 Gold loan

- Gold loans empower our urban and rural customers to pledge their gold jewellery and gain access to quick funds. These loans support our customers, especially in emergency situations and in cases of unforeseen financial needs, such as medical expenses.

ASSESSMENT APPROACH



The assessment commenced with a deep dive into the Company's context. This involved analysing LTF's business model and strategic objectives, services offered, business relationships, etc. This analysis helped ensure that the study was closely aligned with the Company's operational dynamics and long-term strategic direction.

Activities within the Company were then categorised into business and operational activities. Business activities comprised the core offerings of LTF, such as financial products and services. Operational activities are the internal processes that support these offerings.

The next step involved identifying the stakeholders impacted by each activity. Stakeholders were mapped based on their level of responsibility, influence, dependence, and vulnerability. The key stakeholders identified in relation to the business and operational activities were investors, employees, society, government and regulators, farmers, warehouse owners, women entrepreneurs, SME entrepreneurs, home buyers, two-wheeler buyers, professionals, and other customers.

Each activity identified within LTF's operations was systematically examined using an input-output-outcome framework. This approach enabled a clear delineation of the resources utilised (inputs), the immediate results generated (outputs), and the longer-term effects produced (outcomes). Inputs encompass resources utilised such as financial capital and manhours. Outputs reflected immediate results generated, including loan disbursed and new customers. Outcomes captured the enduring impacts on stakeholders and society, such as increased revenue and enhanced financial inclusion.

The impacts arising from these outcomes were identified and assessed in terms of their significance, scale, and duration. Using the True Value methodology, these impacts were categorised as economic, social, or environmental, and further classified as either positive or negative. Positive impacts are defined as benefits generated for society that are not fully captured in the pricing of LTF's goods and services. Negative impacts are societal costs incurred due to LTF's operations, for which the Company does not directly compensate.

Economic impacts are identified by assessing the direct and indirect impacts of LTF's operations, including job creation, fiscal contributions through taxes, and the facilitation of economic growth via access to credit and financial products. These impacts reflect the Company's role in strengthening economic resilience and enabling upward mobility. Environmental impacts were assessed by analysing the ecological footprint of LTF's operations. This included evaluating emissions, water consumption, and waste generation, and promoting sustainable practices, etc. Social impacts were evaluated in terms of the Company's contribution to addressing key societal challenges such as improving financial literacy, enhancing food security, and promoting skill development.

To facilitate comparability and support integration into financial decision-making, monetary values were assigned to the identified impacts. This valuation process involved the careful selection of appropriate financial proxies, sourced from both internal repositories—such as LTF's internal databases and Integrated Annual Report—and external references, including academic research, and industry benchmarks. The objective was to ensure consistency, transparency, and credibility in the monetisation of economic, social, and environmental impacts.

The results were consolidated into a 'True Value Bridge', illustrating the net impact of LTF's operations. This bridge presented the baseline financial earnings alongside the monetised impacts, thereby revealing the adjusted 'True Earnings' of the Company. The bridge helped identify areas where LTF could enhance its positive contributions or mitigate negative impacts, offering strategic insights for sustainable value creation.

Integrating these insights into strategic planning and operational decision-making empowers LTF to optimise resource allocation, enhance process efficiencies, and strengthen stakeholder engagement. This proactive approach not only strengthens the Company's financial performance but also reinforces its commitment to generating shared value for society and the environment.

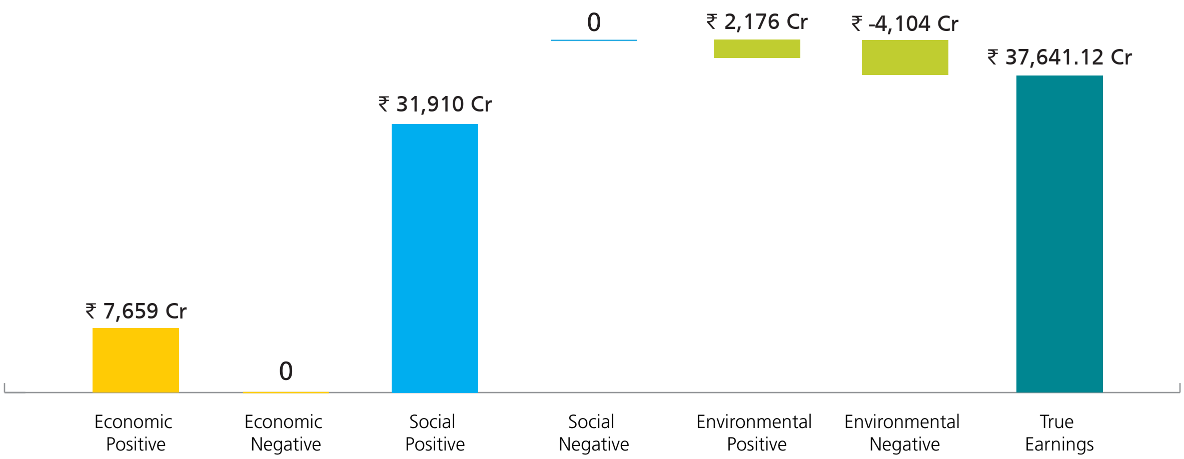
IMPACT MAP

Qualitative and Quantitative Impacts	Businesses	Investors	Employees	Society	Government and Regulators	Warehouse Owners	Farmers	SME Entrepreneurs	Women Entrepreneurs	Home buyers	Two-wheeler buyers	Professionals
Economic Impacts												
Contributing to the nation's GDP through SMEs	SME Finance	✓		✓	✓			✓				
Fueling economic growth through tax contributions	Operational Activity	✓		✓	✓							
Increased access to institutional credits	All Product Portfolios	✓		✓			✓	✓	✓	✓	✓	✓
Catalysing Financial Inclusion by expanding access to personal credit solutions	Personal Loan	✓		✓								
Social Impacts												
Enhanced food security	Farmer Finance	✓		✓		✓	✓					
Promoting women entrepreneurship	Rural Group Loans and Micro Finance (JLG)	✓		✓					✓			
Supporting employment generation via SMEs	SME Finance	✓		✓				✓				
Advancing inclusive access to diverse housing opportunities	Home Loans and LAP	✓		✓								
Enhanced inclusion through digitalisation	All Product Portfolios	✓		✓	✓		✓	✓	✓	✓	✓	✓
Enhanced skill development of employees through training programmes	Operational Activity	✓	✓	✓								
Creating job opportunities across geographies	Operational Activity	✓	✓	✓								

Qualitative and Quantitative Impacts	Businesses	Investors	Employees	Society	Government and Regulators	Warehouse Owners	Farmers	SME Entrepreneurs	Women Entrepreneurs	Home buyers	Two-wheeler buyers	Professionals
Promoting equitable development through focus on low-income states	All Product Portfolios	✓		✓			✓	✓	✓	✓	✓	✓
Empowering professionals	SME Finance	✓		✓								✓
Empowering healthcare infrastructure	SME Finance	✓		✓								✓
Environmental Impacts												
Financed Emissions generated from businesses	Two-Wheeler, Home Loan, and Tractor Loan	✓		✓			✓			✓	✓	
Enabling cleaner mobility through EV Financing	Two-Wheeler Loan	✓		✓	✓		✓				✓	
GHG emissions generated from LTF's operations	Operational Activity	✓		✓								
Emissions generated from waste	Operational Activity	✓		✓								
Net emissions avoided due to digitalisation	All Product Portfolios & Operational Activities	✓	✓	✓			✓	✓	✓	✓	✓	✓
Increased carbon sequestration through plantation efforts	Operational Activity	✓		✓								
Emissions avoided due to green power and green attributes	Operational Activity	✓		✓								
Replenishing water in water-scarce areas	Operational Activity	✓		✓			✓					
Empowering sustainable living through financing home loans in green buildings	Home Loans and LAP	✓		✓						✓		

TRUE VALUE BRIDGE

The following chart demonstrates the true impacts of LTF's activities carried out during FY25:



Categorisation of impacts under economic, social, environmental as well as positive and negative:

Economic Positive	Company's earnings
	Contribution to the GDP growth of nation by SMEs
	Catalysing financial inclusion by expanding access to personal credit solutions
	LTF's contribution to economic growth of the nation
Economic Negative	-
Social Positive	Enhanced food security
	Promoting women entrepreneurship
	Supporting employment generation via SMEs
	Increased accessibility to home ownership
	Enhanced Inclusion through digitalisation
	Enhanced skill development of employees through training programmes
	Promoting equitable development through focus on low-income states
Social Negative	-
Environmental Positive	Emissions avoided through EV financing
	Emissions avoided due to energy efficiency
	Achievement of water positive/surplus status
	Emissions avoided due to digitalisation
	Increased carbon sequestration through plantation efforts
Environmental Negative	Financed emissions from Tractor, Two-wheeler and Home loan
	GHG emissions generated from LTF's operations
	Emissions generated from waste

KEY IMPACT AREAS

1 Supporting Inclusive Development and Financial Empowerment

I. Promoting Equitable Growth by Prioritising Low-income States

01 NO POVERTY | 02 ZERO HUNGER | 08 DECENT WORK AND ECONOMIC GROWTH

₹ 20,362.64 Cr
Loan disbursed to low-income states

India's economic landscape is marked by stark regional disparities, with low-income states often facing challenges such as limited access to formal credit, underdeveloped infrastructure, and slower industrial growth. These imbalances hinder the broader objective of inclusive and equitable national development.

Recognising this, LTF has been directing a significant portion of its lending portfolio towards nine low-income states, as identified by the National Statistical Office, Ministry of Statistics and Programme Implementation, Government of India. During the reporting period, a total of ₹ 20,362.64 Cr was disbursed to these low-income states, with an impressive 50% of LTF's rural loan portfolio originating from these states.

By prioritising these regions, LTF is not only catalysing local economic activity but also contributing to job creation, financial inclusion, and upward mobility. This targeted intervention plays a catalytic role in uplifting economically vulnerable communities, reducing regional inequalities, and aligning with the nation's broader goal of inclusive and equitable growth.

Loan disbursed to low-income states (₹ Cr)

₹ 10,300.96 Cr
Rural Business Finance (Rural Group Loans, Micro Finance and Micro LAP)

₹ 3,911.16 Cr
Farmer Finance (Farmer Equipment Finance and Agri Allied Finance)

₹ 170.27 Cr
Urban Finance (Home Loans and LAP)

₹ 3,797.66 Cr
Urban Finance (Two-Wheeler Loan)

₹ 2,182.59 Cr
SME Finance

₹ 1,091.57 Cr
Loans to Business Finance

₹ 958.44 Cr
Loans to Professionals

₹ 132.58 Cr
Loans to Doctors

II. Driving Financial Inclusion

a. Increased Access to Institutional Credits

In India, a large segment of the population—particularly in rural and semi-urban areas—remains excluded from the formal credit system. The lack of access to institutional credit limits their economic opportunities and reinforces cycles of poverty and financial insecurity. Recognising this gap, LTF has strategically positioned itself to bridge the divide by offering affordable and accessible financial solutions. These offerings are supported by digital platforms that streamline onboarding through mobile apps, biometric verification, and minimal documentation.

₹ 1,446.21 Cr
Loan disbursed to New-to-Credit customers

During the reporting period, 26,698 New-to-Credit (NTC) customers have received their first formal loans through LTF, enabling them to invest in productive assets, expand businesses, improve housing, and support education. This access to credit not only enhances household income but also initiates the creation of formal credit histories, unlocking future access to other financial services. Furthermore, LTF's outreach and digital and financial literacy initiatives have empowered customers to better understand financial products, manage repayments, and adopt digital banking practices—fostering long-term financial resilience and inclusion.

b. Enhanced Inclusion through Digitalisation

In today's rapidly evolving financial landscape, digitalisation has emerged as a powerful enabler of inclusive economic growth. By simplifying transactions, expanding service reach, and eliminating physical barriers, digital payments are transforming how individuals and businesses interact with the financial system. For developing economies like India, digital financial services are not just a convenience—but a critical tool for bridging socio-economic divides and empowering underserved communities.

Recognising this, the Government of India has placed a strong emphasis on promoting a cashless economy. Its vision is to ensure that every citizen, regardless of geography or income level, has access to seamless, secure, and affordable digital payment options. This national push aims to bring all segments of society—especially vulnerable and marginalised groups—into the formal financial ecosystem, thereby unlocking new opportunities for financial growth and resilience.

Guided by its philosophy of 'Digital@Core', LTF leverages digital transformation and innovation to enhance accessibility and drive financial inclusion. This commitment to digital empowerment is exemplified by the launch of LTF's Direct-to-Consumer PLANET App in March 2022, which has emerged as a powerful digital channel for customers. Designed with inclusivity at its core, the app is available in regional languages and caters to a wide demography—including individuals from economically backward regions and aspirational districts—by offering seamless access to loans, repayments, and financial guidance, without dependence on physical branches.

₹ 2,594 Cr
Digital collections through PLANET App

The PLANET App plays a pivotal role in bridging the financial divide between urban and rural India, delivering accessible, paperless, and highly personalised financial solutions. With over 17 million downloads—of which approximately 1.6 million are from rural users—the app has significantly expanded its reach and impact.

Key features such as AI-driven customer insights, automated loan processing, and integration with WhatsApp and chatbots have streamlined the user experience and increased efficiency across loan servicing, collections, and customer support. These innovations have led to a reduction in turnaround time, enabling faster loan disbursements and quicker resolution of customer queries. The app has transformed loan servicing and collections by significantly cutting down turnaround times and operational expenses.

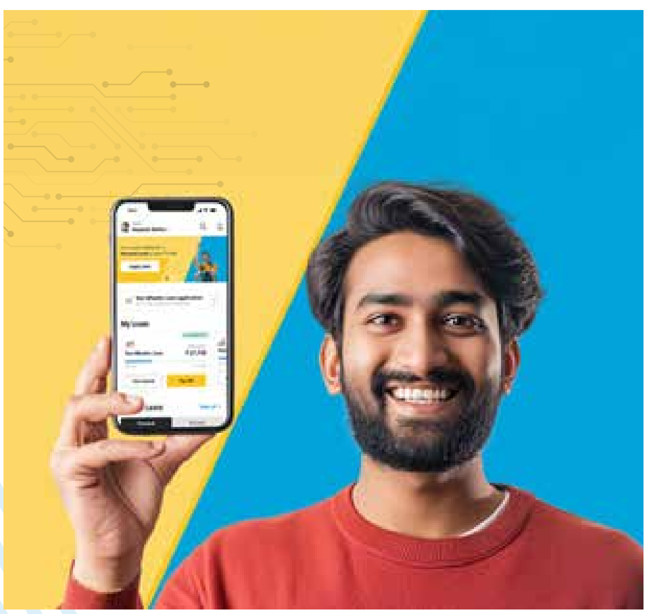
To reduce dependence on traditional cash-based collection systems, LTF has expanded its digital payment infrastructure, offering customers a faster, safer, and more convenient way to make payments. In the financial year, 96% of urban payments and 33% of rural payments were collected digitally. The adoption of digital EMI payments has reduced reliance on call centres while intuitive self-service features allow users to update mandates, access statements, and manage their loans effortlessly, anytime and anywhere

Through the PLANET App, LTF facilitated digital collections amounting to approximately ₹ 2,594 Cr. This shift has significantly lowered the cost per transaction compared to cash disbursements via ATMs. The likely net monetary benefit for customers—after accounting for digital payment costs—is estimated at ₹ 0.78 Cr.

₹ 0.78 Cr

Benefit to customers through digital collections

For low-income households and rural populations, digital payment systems eliminate the need for physical travel to branches, reduce cash-handling risks, and facilitate Direct Benefit Transfers (DBTs) from government schemes. These benefits translate into tangible economic advantages—boosting household income stability, supporting micro-entrepreneurship, and fostering long-term financial resilience.



III. Promoting Inclusive Growth by Empowering Rural Women

Promoting Women Entrepreneurship

Promoting women entrepreneurship in rural India is a transformative strategy that not only uplifts individual lives but also strengthens the socio-economic fabric of entire communities. [1]As of FY25, rural women's workforce participation in India has seen a significant rise, reaching 40.3%, up from 22% in 2017-18, largely driven by a 15.9% increase in self-employment. This surge reflects a growing trend of women engaging in entrepreneurial activities, often facilitated by microfinance institutions and Self-Help Groups (SHGs). The National Rural Livelihoods Mission (NRLM) has been central to this effort, integrating millions of women into SHGs and promoting skill development and entrepreneurship.

[2]According to a World Bank study, women-owned enterprises in rural India employ between 22 to 27 million people, yet access to formal financial services is limited. To address this, the Union Budget 2025-26 introduced new schemes, including term loans of up to ₹ 2 Cr for first-time women entrepreneurs and a ₹ 5.41 lakh Cr allocation under the Pradhan Mantri Mudra Yojana (PMMY) in 2023-24.

₹ 9,261.14 Cr

Loan disbursed to women entrepreneurs in other than low-income states

LTF's initiatives align with these national efforts, offering tailored financial products that cater to the unique needs of rural women. By financing ₹ 9,261.14 Cr for an average tenure of 1.5 years in other than low-income states under Rural Group Loans and Micro Finance, LTF supported more than 61 lakh women entrepreneurs across India. LTF is driving inclusive growth and fostering a resilient rural economy. This initiative not only strengthens grassroots enterprise but also advances the broader mission of empowering women across India.

[1]PIB Delhi
[2]Union Budget 25-26

IV. Powering Economic Growth through SME Financing

Micro, Small, and Medium Enterprises (MSMEs) are widely recognised as engines of economic growth, playing a key role in fostering inclusive development and generating employment opportunities. [3]With over six crore MSMEs contributing approximately 30% to the nation's GDP and accounting for nearly 46% of India's total exports, the MSME sector is instrumental in enhancing economic resilience and driving industrial diversification. As per the MSME Development Act, Small and Medium Enterprises (SMEs) are classified under the broader umbrella of MSMEs. [4]SMEs contribute nearly 40% of India's industrial production and exports and serve as a backbone for industrial expansion and grassroots entrepreneurship. These figures highlight the sector's strategic importance not only in supporting domestic economic activity but also in strengthening India's position in global trade. Only SMEs, those falling under the small and medium categories based on investment and turnover thresholds are considered eligible under the SME business classification. Empowering SMEs through improved access to finance, technology, and markets is essential for sustaining long-term, inclusive economic growth.

LTF has strengthened its SME financing through Supply Chain Finance (SCF) — a working capital solution designed to support both, anchor corporates and their network of vendors and dealers by financing their trade transactions through underlying invoices. SCF enables seamless cash-flow management and ensures liquidity across the value chain.

a. Contributing to the nation's GDP through SMEs

08 DECENT WORK AND ECONOMIC GROWTH
09 INDUSTRY, INNOVATION AND INFRASTRUCTURE

LTF's strategic financing of ₹ 4734.79 Cr for an average tenure of three years to 19,299 SME businesses during the financial year has played a pivotal role in strengthening India's economic growth. By enabling SMEs to access timely and adequate capital, LTF empowered these enterprises to scale operations, invest in modern technologies, and expand into new markets. This led to a tangible increase in business revenues, directly enhancing their contribution to the national GDP and reinforcing the resilience of the broader economy.

The ripple effects of this financial support extended beyond enterprise growth. Improved business performance translated into higher personal incomes for SME owners, boosting their financial well-being and stimulating local economies through increased consumption and reinvestment. Overall, LTF's SME financing generated an estimated monetary benefit of ₹ 1,578.26 Cr for the financial year, underscoring its role in driving economic growth.

b. Supporting Employment Generation via SMEs

08 DECENT WORK AND ECONOMIC GROWTH
09 INDUSTRY, INNOVATION AND INFRASTRUCTURE

LTF's commitment to empowering small and medium enterprises has translated into significant employment generation across India. In FY25, LTF's financial support to SMEs enabled them to expand operations and create new job opportunities.

[3]With over 1.99 Cr MSMEs registered in FY25, the sector generated nearly 7.9 Cr jobs, averaging about four jobs per enterprise. Based on this employment trend, LTF's financing is estimated to have supported the creation of approximately 76,594 jobs.

₹ 2,075.07 Cr
Employment generation supported by LTF

Given that MSMEs primarily employs a diverse workforce comprising unskilled, semi-skilled and skilled workers, and with an average annual wage of ₹ 2.7 lakh, the total employment value supported by LTF's support is estimated at ₹ 2,075.07 Cr. This substantial impact underscores the broader role of SME financing not just in enterprise growth, but in fostering inclusive economic development and improving livelihoods across regions.

[3]*PIB Delhi*
[4]*DSIR*

Incremental Impacts of SME Financing

Empowering health infrastructure

LTF plays a vital role in strengthening India's healthcare ecosystem by providing tailored financial solutions to medical professionals across India. By financing doctors to establish and expand clinics, invest in new equipment, or manage working capital, LTF has directly contributed to improved healthcare delivery.

During FY25, LTF provided loans to 2,637 doctors, disbursing a total of ₹ 720.44 Cr. These funds have been instrumental in helping doctors establish new clinics, upgrade existing facilities, and invest in modern medical equipment—directly contributing to the expansion of localised health infrastructure.

Investments in modern equipment and digital health tools help in faster diagnosis, better treatment outcomes, and reduced waiting times. Moreover, it supports the creation of employment opportunities for healthcare professionals, including nurses, lab technicians, and administrative staff—thereby boosting local economies and strengthening the healthcare workforce.

By empowering doctors with financial tools, LTF is not just supporting individual careers—it is actively contributing to the health infrastructure in society, reducing healthcare disparities, and aligning with the National Health Mission.

Empowering professionals

LTF has made significant strides in supporting professionals such as Chartered Accountants (CAs), Company Secretaries (CS), doctors, and other skilled individuals by offering tailored loan products that cater to their unique financial needs. In FY25, LTF disbursed loans to 16,657 professionals, amounting to ₹ 4,012.67 Cr. This initiative reflects LTF's commitment to empowering India's professional class, enabling them to invest in their practices, upgrade infrastructure, and manage working capital efficiently.

For professionals like CAs, such financial support can be pivotal in expanding their practice, investing in technology, hiring skilled staff, or even setting up offices in prime locations. The availability of such credit not only enhances their service delivery but also contributes to broader economic growth by fostering entrepreneurship and job creation.

Moreover, LTF's professional loan products often come with customised repayment options, allowing borrowers to align their EMIs with their cash flow cycles. This is particularly beneficial for professionals whose income may vary seasonally or project-wise. By offering these loans, LTF is not just providing financial assistance but also building long-term relationships with a segment that plays a crucial role in the country's socio-economic development.

V. Advancing inclusive access to diverse housing opportunities

[5]Access to adequate housing remains one of the most pressing global challenges, with over 1.6 billion people lacking safe and secure living conditions, a number projected to rise to 3 billion by 2030. Meeting this growing need requires the construction of approximately 96,000 homes daily. However, factors such as rapid urbanisation, declining public sector involvement, and limited policy interventions continue to widen the global housing gap.

[6]As the world's most populous nation, India stands at the forefront of this challenge. With the urban population currently at 36% and expected to reach 40% by 2030, the demand for inclusive and accessible housing is surging. Addressing this demand is essential for fostering sustainable economic growth and ensuring equitable living standards. According to the Knight Frank and Confederation of Indian Industry (CII) report published in December 2024, India faces a current shortfall of approximately 10.1 million housing units, which is projected to grow to 31.2 million units by 2030 when future demand is considered.

In response to this growing demand, financial institutions have a critical role to play in bridging the affordability gap and enabling access to home ownership. LTF has been instrumental in enhancing accessibility and affordability for aspiring buyers across India. In FY25, LTF extended Home Loans and Loan Against Property (LAP) to customers disbursing a total of ₹ 9,582 Cr. This robust performance reflects LTF's commitment to empowering homeownership and asset-backed financing across India.

As of March 31, 2025, LTF offered home loans at a competitive interest rate of 8.65%, positioning itself as a cost-effective alternative to the average market rates of around 8.73% offered by private banks and NBFCs. While the difference in rates may appear minimal, it results in meaningful savings for borrowers over the loan tenure.

With an average home loan size of ₹ 67 lakh and a standard tenure of 20 years, LTF customers could benefit from lower EMIs and reduced overall interest payments. When compared to prevailing market rates, each borrower as on March 31, 2025, colud potentially save approximately ₹ 65,538 over the loan tenure. These savings help ease the financial burden on households, increase disposable income, and create opportunities to invest in education, healthcare, or future assets. Cumulatively, the monetary savings for all the LTF residential home buyers as at March 31, 2025 is estimated to be around ₹ 75.13 Cr.

By empowering more families to achieve homeownership, LTF is advancing the national vision of 'Housing for All' while fostering long-term financial resilience and upward mobility. Further, enabling home ownership correlates to improved living conditions, enhanced educational outcomes for children and improved physical and mental health for families.

Empowering sustainable living through financing houses in green building

A notable highlight of the housing portfolio in FY25 is LTF's growing focus on green housing finance. As part of its sustainability agenda, LTF financed green homes across India's leading metropolitan cities—Mumbai, Hyderabad, Pune, Bengaluru, Chennai, Delhi NCR, and Ahmedabad.

These homes are strategically designed to be energy-efficient, environmentally responsible, and align with India's climate goals. By financing green homes, LTF is not only fostering environmental stewardship but also enabling healthier and resilient living environments for urban families.

As LTF continues to scale its green financing efforts, it remains deeply committed to shaping a future where sustainability and financial inclusion go hand in hand.

[5]4 practical solutions to the world's spiralling housing crisis, World Economic Forum, July 2024
[6]Affordable Housing in India - knightfrank.in/research

VI. Catalysing Financial Inclusion by Expanding Access to Personal Credit Solutions

08 DECENT WORK AND ECONOMIC GROWTH

₹ 1,741.71 Cr

Loan disbursed for personal purposes

LTF's disbursement of ₹ 1,741,71 Cr in Personal Loans for an average tenure of 3.5 years marks a significant step toward advancing financial inclusion and economic empowerment across India. By extending unsecured credit to a diverse customer base, LTF has enabled individuals to meet essential needs such as healthcare, education, and small-scale business investments. This access to formal credit not only improves personal financial stability but also stimulates broader economic activity by increasing consumer spending and supporting local enterprises. The initiative reflects a strategic alignment with national goals of inclusive growth, demonstrating how targeted financial services can drive both individual progress and collective economic resilience.

2 Enhanced Food Security

[7]India, home to over 1.4 billion people, has made significant strides in agricultural production over the decades. Yet, the challenge of ensuring consistent food availability remains. One of the most critical yet often overlooked contributors to food insecurity is post-harvest loss—where a substantial portion of crops is wasted due to inadequate storage, poor handling, and lack of infrastructure. Estimates reveal that India loses approximately 74 million tonnes of food annually, which is about 22% of its total foodgrain output. This not only undermines national food security but also results in substantial economic losses for farmers and the broader economy. In a country where agriculture supports nearly half the workforce, minimising these losses is essential for both food security and rural prosperity. Beyond the economic and social implications, post-harvest losses have a significant environmental footprint. Globally, food waste contributes to nearly 8-10% of greenhouse gas emissions, and India's share is significant given the scale of its agricultural operations.

Without access to scientific storage solutions—such as temperature-controlled warehouses, silos, and moisture-proof facilities—farmers are often forced to sell their produce immediately after harvest, even at low prices, or risk spoilage. By enabling farmers to store their crops safely, warehouse infrastructure plays a transformative role in stabilising food supply chains. It allows for better timing in market sales, reduces distress selling, and ensures that food is available even during lean seasons. This not only improves farmers' incomes but also contributes to a more resilient food system.

I. LTF's role in enhancing Food Security through Warehouse Receipt Loans

02 ZERO HUNGER

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

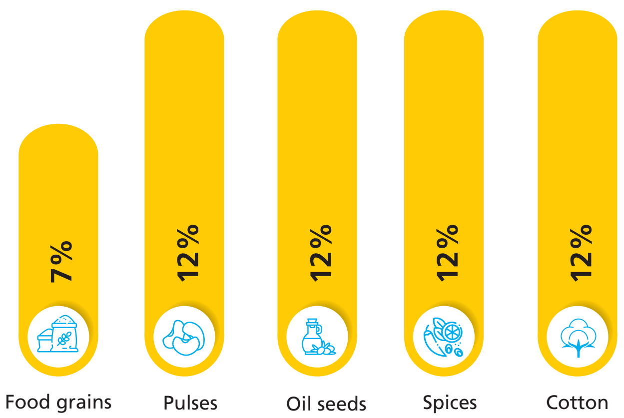
One of the most effective ways to reduce post-harvest losses and ensure year-round food availability is by providing farmers with access to safe, scientific storage. LTF has taken a significant step in this direction by offering warehouse receipt loans, an innovative financial tool that empowers farmers to store their produce securely while accessing credit, thereby enhancing food availability and strengthening food security across the country. This not only prevents premature or distress sales but also ensures that the food remains preserved and available for longer periods, directly contributing to enhanced food security.

In FY25, LTF facilitated the storage of a wide range of agricultural commodities, including food grains, pulses, oilseeds, spices, and cotton. The total quantity of commodities stored was 1,41,367 MT. Different types of agricultural commodities tend to experience varying degrees of loss when stored using traditional or non-scientific methods, due to differences in their physical properties, perishability, and sensitivity to

[7]*Times of India, November 2023*

environmental conditions. Through the provision of warehouse receipt loans, LTF has successfully reduced average post-harvest wastage across all stored commodities by approximately 11%, amounting to a total of 15,550 MT. of food saved.

Commodity wise wastage avoided



II. Generating Value by Preserving Food

₹ 94.86 Cr

Benefit achieved for avoiding post-harvest storage loss

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

LTF's initiative to provide loans against warehouse receipts plays a pivotal role in enhancing the long-term financial resilience of farmers and agri-entrepreneurs. By enabling the storage of agricultural produce in certified warehouses, LTF helps farmers avoid harvest loss of approximately 15,550 MT. This strategic intervention not only stabilises farmer incomes but also contributes to reducing post-harvest losses and improving food security.

The financial value of this intervention becomes particularly evident when analysed through the lens of Minimum Support Prices (MSP) for the top three most-produced crops in each commodity category, encompassing food grains, pulses, oil seeds and cotton and average market prices for the top three traded spices. These benchmarks provide a realistic estimate of the potential earnings farmers can secure by storing their produce and avoiding its wastage in post-harvest loss. Based on this pricing framework, the financial value of the wastage avoided through LTF's warehouse receipt financing is calculated at ₹ 94.86 Cr. This represents the cumulative benefit of protecting crop value across these commodities.

It reflects not only the direct economic gain for farmers but also the broader systemic value—such as reduced volatility in agricultural markets, improved bargaining power for producers, and enhanced efficiency in the agri-value chain. This approach aligns with national priorities under schemes like the e-NAM (National Agriculture Market) and the Warehousing Development and Regulatory Authority (WDRA), which aims to modernise agricultural marketing and storage infrastructure.

3 Enabling Cleaner Mobility through EV Financing

07 AFFORDABLE AND CLEAN ENERGY

13 CLIMATE ACTION

As the world races to combat climate change, the transition to electric mobility has emerged as a powerful lever for reducing greenhouse gas emissions. As the third-largest emitter of CO_2 and a country heavily reliant on imported fossil fuels, India holds pivotal role in global decarbonisation efforts. [8]According to the International Energy Agency (IEA), road transport in India accounts for approximately 12% of the country's energy-related CO_2 emissions, highlighting both the urgency and the potential for decarbonising the transport sector.

Electrification of vehicles has therefore become a cornerstone of India's strategy to decarbonise transport. Among the various vehicle segments, two-wheelers dominate the Indian market, and their transition to electric vehicles is gaining significant traction. [9]In FY25, total two-wheeler sales in India reached 19.6 million units, with electric two-wheelers accounting for over 6% of this volume—equivalent to approximately 1.2 million units. This growth reflects increasing consumer awareness, supportive policy frameworks, and technological advancements.

Despite the growing momentum in electric mobility, the purchase price of electric vehicles (EVs) remains considerably higher than that of conventional vehicles across all segments. This high upfront cost continues to be a major barrier to widespread adoption, particularly for low- and middle-income consumers.

12,675.67 tCO_2e
Emissions avoided by EV financing

In this context, EV financing emerges as a critical enabler in advancing clean mobility. In FY25, LTF financed 64,759 electric two-wheelers, marking a significant contribution to India's transition toward sustainable transportation. These vehicles collectively avoided 12,675.67 tCO_2e emissions

To quantify the broader societal value of this environmental benefit, LTF applied the Social Cost of Carbon (SCC)—a globally recognised metric that estimates the economic impact associated with each tonne of CO_2 emitted. [10]In 2022, a study published in 'Nature' by researchers from Resources for the Future (RFF) and the University of California, Berkeley (UC Berkeley) released an updated estimate for the Social Cost of Carbon (SCC), reflecting new methodologies and key scientific advancements. The study estimates the social cost of each tonne of CO_2 emissions at approximately US$185 (₹ 13,783.22).

This revised estimate incorporates the probability of different socioeconomic and emissions trajectories far into the future; modernised representation of the climate system; and state-of-the-art scientific methodologies for assessing the effects of climate change on agriculture, temperature-related deaths, energy expenditures, and sea-level risks. The estimate also considers an updated approach to evaluating future climate risks through 'discounting' that is linked to future economic uncertainty.

Adjusted for inflation and exchange rates, the Social Cost of Carbon for FY25 stands at ₹ 17,105.66 per tonne of CO_2e. The estimated monetary benefit from avoided emissions translated to around ₹ 21.68 Cr. This impact underscores the dual value of EV financing: enabling access to clean, affordable mobility while delivering tangible environmental and economic returns. By lowering the financial barriers to EV ownership, LTF is not only supporting India's climate goals but also contributing to better air quality, improved public health, and long-term economic resilience.

₹ 21.68 Cr
Benefit due to emissions avoided by EV financing

[8]*Transitioning India's Road Transport Sector, International Energy Agency and NITI Aayog, July 2023*
[9]*Auto Industry Sales Performance of March 2025, Q4 (Jan– March 2025) and April 2024 - March 2025, Society of Indian Automobile Manufacturers, April 2025*
[10]*Comprehensive evidence implies a higher social cost of CO^2 - nature.com articles*

4 Assessing the Environmental Impact of Sectorial Lending

07 AFFORDABLE AND CLEAN ENERGY

09 INDUSTRY, INNOVATION AND INFRASTRUCTURE

13 CLIMATE ACTION

I. Financed Emissions Generated from product portfolio

To limit global warming to 1.5°C above pre-industrial levels, all sectors need to decarbonise and achieve net-zero emissions by 2050. The financial sector plays a critical role in this transition by directing capital to support decarbonisation. To do this effectively, it is vital for financial institutions to assess the climate risks to their portfolios and greenhouse gas (GHG) emissions associated with their loans and investments. Measuring financed emissions is essential, as it enables institutions to assess climate impact, manage associated risks, set reduction targets, and transparently report progress toward decarbonisation.

Classified under Scope 3, Category 15 of the Greenhouse Gas Protocol, financed emissions often represent the largest share of a financial institution's climate impact. The Partnership for Carbon Accounting Financials (PCAF) provides a globally recognised framework that enables financial institutions to quantify and disclose financed emissions in a standardised, transparent manner.

In FY25, LTF strengthened its climate accountability by becoming a PCAF signatory, reinforcing its commitment towards environmental stewardship and sustainable finance. Recognising the significant environmental impact of its lending activities, the Company proactively assessed and disclosed its financed emissions in accordance with the PCAF framework. This process involved mapping products to specific asset classes, determining data requirements, and addressing potential data gaps. The financed emissions were calculated for two-wheeler, tractor and home loan portfolios.

Financed Emissions from product portfolios

~16.09 lakh tCO_2e
Tractor Loan Portfolio

~6.64 lakh tCO_2e
Two-Wheeler Loan Portfolio

~1.24 lakh tCO_2e
Home Loans Portfolio

By adhering to the latest PCAF guidelines and improving data reliability, LTF ensures its emissions data is accurate, transparent, and in line with industry standards. This enhances the effectiveness of the Company's decarbonisation strategy and enables better tracking and progress towards sustainability goals.

Adjusted for inflation and annual exchange rate, the Social Cost of Carbon for FY25 stands at ₹ 17,105.66 per tonne of CO_2e. Based on this, the financed emissions led to an estimated monetary loss of approximately ₹ 4,100.23 Cr during the reporting period.

Economic Loss due to Financed Emissions (Cr)

₹ 2,752.3 Cr	₹ 212.11 Cr	₹ 1,135.81 Cr
Tractor Loan Portfolio	Home Loan Portfolio	Two-Wheeler Loan Portfolio

5 Driving the Nation's Economy while Empowering its Workforce

08 DECENT WORK AND ECONOMIC GROWTH

I. Fuelling Economic Growth through Tax Contributions

India's development journey is deeply intertwined with the strength of its public finances. Tax revenues form the backbone of government spending—enabling investments in infrastructure, social welfare programmes, education and essential public services. As a responsible and compliant financial institution, LTF plays a meaningful role in this ecosystem through its consistent and substantial tax contributions.

In FY25, LTF reported an all-time-high consolidated Profit After Tax (PAT) of ₹ 2,644 Cr, reflecting a 14% year-on-year growth. This robust financial performance not only underscores LTF's operational resilience but also translates into substantial tax contributions to the Indian economy. During the year, LTF paid ₹ 847.84 Cr in taxes to the Government of India—demonstrating its commitment to fiscal responsibility and nation-building.

₹ 847.84 Cr
Tax Contribution by LTF

By consistently supporting the public exchequer, enabling access to formal credit and bringing more individuals and enterprises into the formal economy, LTF also indirectly supports the expansion of the national tax base, fostering a more inclusive fiscal ecosystem.

II. Creating Job Opportunities across Geographies

NBFCs have emerged as pivotal institutions in India's financial ecosystem, especially in bridging the credit gap for underserved and rural populations. LTF, through its diversified lending portfolio and expansive rural outreach, plays a significant role in fostering economic participation and employment. LTF has expanded their customer base and operational footprint substantially adding millions of new customers and thousands of service points across the country. This growth not only enhances financial access but also directly and indirectly contributes to job creation through field operations, customer service, and credit facilitation roles.

LTF's inclusive financial services model strengthens rural livelihoods and supports India's broader employment landscape by creating job opportunities for 36,521 individuals spanning rural, semi-urban, urban, and metropolitan regions. 81.5% of job creation took place in rural and semi-urban areas, signalling a shift towards balanced regional development. This initiative reflects LTF's commitment to inclusive development, ensuring that economic growth reaches every corner of the country. By offering roles that cater to both semi-skilled and highly skilled employees, LTF has not only expanded access to employment but also ensured that the average income provided exceeds the minimum wage benchmarks set by the Government of India in all four regions.

36,521
Job opportunities created

This achievement is particularly noteworthy given the disparities in wage structures and employment opportunities across different geographies. By maintaining wage levels above government-mandated minimums, LTF ensures fair compensation, which in turn promotes financial security and boosts morale, and encourages long-term career growth.

6 Empowering Talent through Continuous Learning

04 QUALITY EDUCATION

I. Enhanced Employee Skill Development through Training Programmes

In a dynamic business landscape, where customer expectations, regulatory frameworks, and technology are evolving rapidly, the capabilities of employees directly influence an organisation's competitiveness and financial performance. Structured training and upskilling programmes play a vital role in equipping employees with the necessary skills, product knowledge, and compliance awareness to deliver exceptional customer service, manage risks prudently, and drive operational efficiency.

At LTF, the commitment to employee development is reflected in its continued investment in learning and capability-building. In FY25, each employee received an average of 38.5 hours of training, with an average training spend of ₹ 4,471 per employee. With a workforce of 36,521 employees, the Company allocated approximately ₹ 16.33 Cr towards training initiatives—demonstrating its belief that a skilled and knowledgeable workforce is key to driving operational excellence and long-term growth.

2,730.81%
ROI of training

The positive impact of LTF's investment in employee training is reflected in its financial performance. Profit Before Tax (PBT) increased from ₹ 3,029.03 Cr in FY24 to ₹ 3,491.26 Cr in FY25, representing a growth of ₹ 462.23 Cr. Assuming this improvement is driven by enhanced employee capabilities resulting from targeted training interventions, the estimated Return on Investment (ROI) of training stands at an impressive 2,730.81%. By enhancing employee competence, LTF unlocked higher productivity, reduced error rates and strengthened risk management—all of which contributed to better financial outcomes.

II. Enhanced Employee Earning Potential

At LTF, employee training is regarded as a strategic investment that enhances both individual capabilities and Company's performance. To assess the economic value of these training interventions, the Company evaluated the potential uplift in employee earnings resulting from enhanced skill development.

By benchmarking internal salary progression against prevailing market trends, LTF estimated a differential that reflects the added value generated through its training programmes. This analysis revealed an estimated incremental value of ₹ 40.65 Cr—serving as a proxy for the monetary benefit derived from upskilling its workforce.

This finding underscores the tangible financial impact of LTF's learning and development efforts, while also reinforcing its role in shaping meaningful career pathways for employees. By fostering a culture of continuous learning and capability-building, LTF is creating a workforce that is not only more productive and engaged but also better positioned to thrive in a competitive market. The estimated economic benefit serves as a testament to the long-term impact of investing in people—where skill development becomes a shared asset, benefiting both the individual and the Company.

As L&T Group's commitment to the Prime Minister's Internship Scheme (PMIS), LTF actively contributed to the Central Internship Program by enhancing youth employability while empowering businesses to nurture the workforce of tomorrow.

7 Generating Emissions through Operational Activities

[11]India stands as the third largest emitter of GHG emissions, globally. These emissions are primarily driven by the country's growing energy demand, industrial expansion, and urbanisation. However, India's per capita emissions remain relatively low, at around 2.9 tCO_2e, compared to the global average of 6.7 tCO_2e.

I. GHG emissions generated from LTF's operations

₹ 3.93 Cr

Monetary loss due to GHG emissions

13 CLIMATE ACTION

In FY25, LTF's operational activities have resulted in the generation of a total of 2,295.39 tCO_2e emissions, encompassing both Scope 1 and Scope 2 categories. Scope 1 emissions, amounting to 386.23 tCO_2e, stem from direct sources under LTF's control. These include the use of diesel generators (DG sets) for backup power, LPG consumption in meal facilities, refrigerants used in cooling systems, fire extinguishers, and Company-owned vehicles. Each of these sources contributes to the Company's direct carbon footprint, reflecting the environmental cost of maintaining essential operations and infrastructure.

In addition, LTF's Scope 2 emissions which account for 1,909.16 tCO_2e originate from the electricity purchased to power its head office, regional branches, and microfinance branches. The reliance on grid electricity for daily operations contributes substantially to the Company's overall emissions profile, underscoring the importance of transitioning to renewable energy sources and improving energy efficiency across facilities.

As per Social Cost of Carbon, the monetary loss caused by each tonne of CO_2 emitted by LTF translates to ₹ 3.93 Cr. This captures the broader societal and environmental consequences of carbon emissions, including adverse health effects, reduced agricultural productivity, increased frequency of climate-related disasters, and long-term ecological degradation. LTF not only acknowledges its environmental footprint but also reinforces the urgency of adopting sustainable practices and investing in low-carbon alternatives.

II. Emissions Generated from Waste

₹ 0.18 Cr

Economic loss due to emissions from waste

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

As countries like India scale up their waste management frameworks under initiatives like Swachh Bharat Mission and Extended Producer Responsibility (EPR), the potential to curb emissions from waste becomes increasingly achievable.

In FY25, LTF generated a total of 266.08 MT of waste, which resulted in 134.34 tCO_2e of emissions. This waste footprint includes a mix of categories across its operations. These emissions contribute to climate change by releasing greenhouse gases particularly methane and carbon dioxide into the atmosphere, which have long-term environmental and health consequences.

However, LTF has taken proactive steps to mitigate this impact by recycling 50.86 MT of the total waste generated. This recycling effort has led to the avoidance of 31.30 tCO_2e in emissions, demonstrating the environmental value of diverting waste from landfills and reintroducing materials into the production cycle.

Accounting for the emissions avoided through recycling, the net emissions from waste generated at LTF stands at 103.04 tCO_2e. The economic damage caused by each tonne of CO_2 emitted, translates to a monetary loss of ₹ 0.18 Cr.

LTF strives to integrate robust waste management practices to reflect a clear alignment with sustainability goals, emphasising operational efficiency, environmental responsibility, and long-term value creation.

[11]Framework of India's climate finance taxonomy

8 Avoiding Emissions for a Sustainable and Equitable Future

12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
15 LIFE ON LAND

I. Emissions Avoided due to Digitalisation

LTF's PLANET App has contributed to environmental sustainability by reducing the need for physical branch visits and cutting down on paper usage. In FY25, the PLANET App accounted for 85% of LTF's total servicing resolutions, marking a significant shift from physical to digital channels.

579.69 tCO_2e

Net Emissions avoided due to digitalisation of services

With over 4.5 Cr service requests handled digitally through the PLANET App, each interaction is potentially replacing approximately 3-5 physical documents. This shift is estimated to have saved 831.73 MT of paper, resulting in emissions avoidance of approximately 1,113.96 tCO_2e.

In FY25, LTF generated 534.28 tCO_2e emissions from the usage of paper. This footprint stems from operational paper use, including desktop printing and business stationery, with the latter preserved as per regulatory guidelines. [12]Notably, 87% of the paper used in operations was recycled paper, reflecting LTF's commitment to responsible sourcing and sustainability.

Using the Social Cost of Carbon (SCC) of $185 per ton (adjusted for inflation and exchange rates), the net avoided emissions of 579.69 tCO_2e translated into an estimated monetary benefit of ₹ 0.99 Cr.

To address the environmental impact of paper consumption, LTF has accelerated its digital transformation journey, embedding paperless workflows across key business portfolios. The Company has achieved a 100% paperless process in Rural Group Loans and Micro Finance, Two-Wheeler Finance, Farm Equipment Finance, Personal Loans, and SME Finance. Initiatives such as digital onboarding, virtual servicing, and the launch of the PLANET App have significantly reduced the need for physical documentation and branch visits, thereby lowering paper usage and improving turnaround times.

LTF's shift from traditional paper-based processes to efficient digital tools and platforms has not only optimised resource usage but also reduced costs associated with paper procurement and waste management. The Company continues to reduce desktop stationery and actively uses recycled paper for printing, further minimising its environmental footprint.

By continuing to invest in digital solutions and promoting a paperless culture, the Company aims to achieve a significant reduction in paper-related emissions, contributing meaningfully to its sustainability goals and targets.

[12]Percentage of A4 recycled paper used in LTF's business operations, mainly desktop and partly business stationery. Business stationery which is required to be preserved as per regulatory guidelines is excluded.

II. Increased Carbon Sequestration through Plantation Efforts

13 CLIMATE ACTION
15 LIFE ON LAND

Under its CSR initiative, Project Prakruti, LTF has made significant strides in enhancing ecological resilience and climate mitigation through tree plantation efforts in the Marathwada region of Maharashtra. Through the plantation of 1,26,550 trees across six acres using diverse techniques—Miyawaki, Agro-Horticulture (AH), and Dry Land Horticulture (DH)—the initiative has directly contributed to increasing green cover in ecologically vulnerable districts such as Beed, Osmanabad, Aurangabad, Jalna, and Buldhana.

Plantations contributed to 541 tCO_2e sequestration in FY 2025 and a cumulative total of 4,061 tCO_2e, with 973 tCO_2e still available for future claims. The addition of Miyawaki sites has notably improved sequestration efficiency, positioning the initiative as a scalable carbon offset model. Clean Development Mechanism-based Afforestation and Reforestation ('CDM A/R') methodology was used for carbon sequestration calculations.

Based on the Social Cost of Carbon (SCC), the carbon sequestration of approximately 973 tCO_2e of emissions have generated an estimated monetary value of ₹ 1.66 Cr.

Beyond carbon capture, the plantations have revitalised biodiversity by introducing native species that support diverse wildlife, improved soil health, and contributed to water conservation—especially critical in drought-prone Marathwada. The initiative also fosters community engagement and environmental stewardship, aligning with sustainable development goals (SDGs).

During the reporting period, LTF expanded its ecological footprint through Project Prakruti in Pavagada Taluk, Tumkur district, Karnataka. Over 1 lakh horticulture saplings were planted across 250+ acres. This initiative not only contributes to long-term carbon sequestration but also supports agro-economic development, livelihood generation, and landscape restoration.

III. Emissions Avoided due to Green Power and Green Attributes

07 AFFORDABLE AND CLEAN ENERGY
13 CLIMATE ACTION
15 LIFE ON LAND

₹ 4.48 Cr

Monetary benefit due to emissions avoided by green power and green attributes

Energy efficiency measures are among the most effective strategies for reducing or avoiding greenhouse gas emissions, while simultaneously driving economic and social benefits. By optimising energy use, organisations and households can significantly lower their carbon footprint. According to the International Energy Agency (IEA), global emissions intensity from electricity generation dropped by a record 3% in 2024 and is projected to decline by an average of 3.6% annually between 2025 and 2027. This trend is largely driven by the expansion of clean energy sources and the adoption of energy-efficient practices across sectors.

The societal impact of energy efficiency is equally compelling. Reduced emissions lead to cleaner air, which improves public health outcomes, particularly in densely populated urban and industrial regions. To align with broader sustainability goals, including climate action, economic equity, and improved quality of life, LTF adopted green power and green attributes that led to avoiding 3,692 tCO_2e. This achievement reflects the Company's commitment to integrating clean energy solutions into its operations and value chain.

The environmental impact of these avoided emissions translates into a significant monetary benefit, quantified as a cost savings of ₹ 4.48 Cr. This initiative aligns with global climate goals and India's national commitments under the Paris Agreement. The use of green power not only supports climate action but also promotes energy security and innovation, paving the way for a low-carbon future.

9 Replenishing Water in Water-scarce Areas

06 CLEAN WATER AND SANITATION

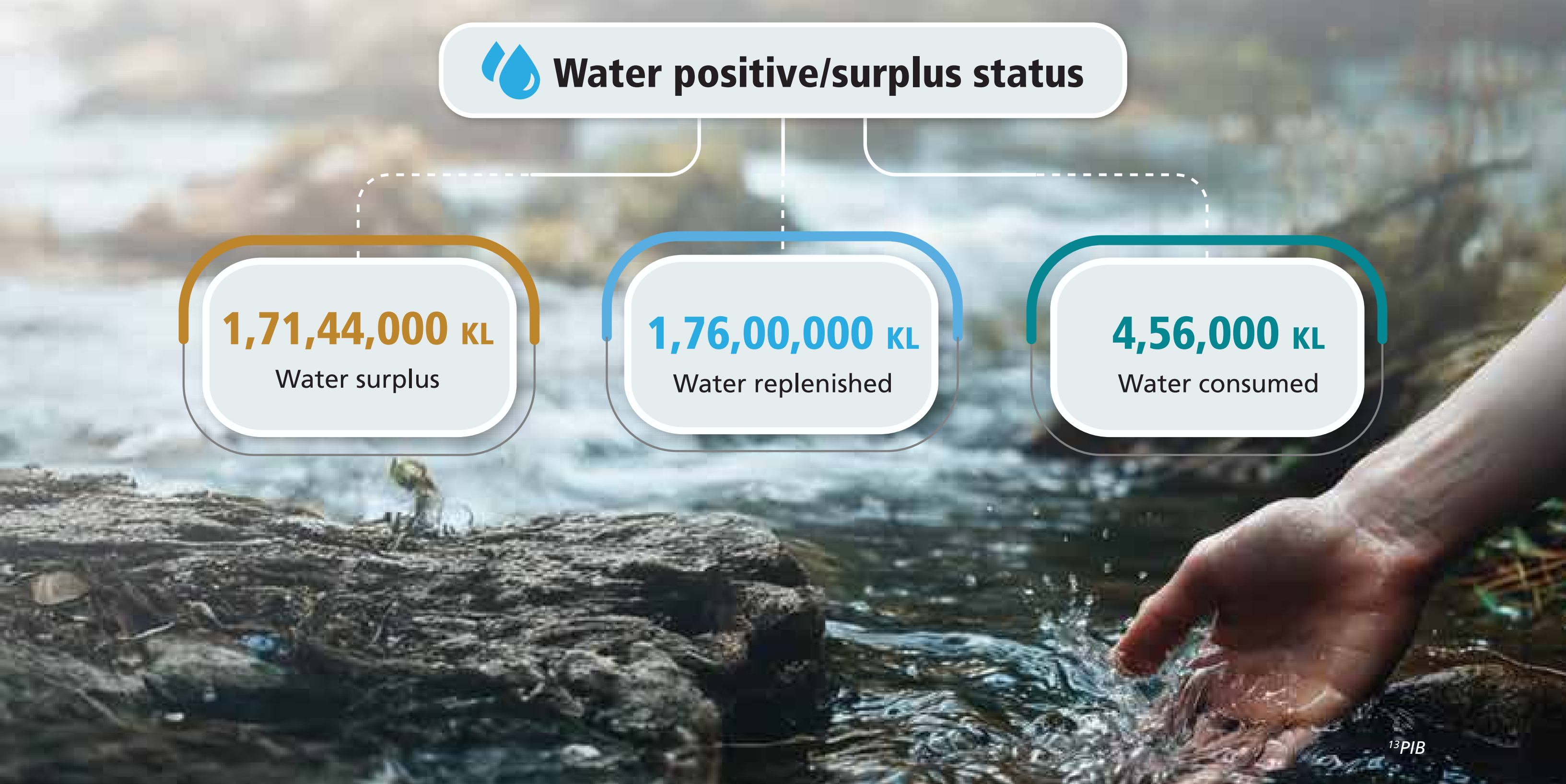
Under its flagship Jalvaibhav programme, LTF has demonstrated a strong commitment to water stewardship by replenishing an impressive 17.6 million kilolitres (KL) of water in regions identified as water-scarce. This initiative goes far beyond operational water consumption, which stands at 456,000 KL, resulting in a net surplus of 17.14 million KL. This surplus reflects LTF's achievement of water positive/surplus status, thus contributing positively to local hydrological cycles and community water security.

[13]Water positivity is increasingly recognised as a critical metric in environmental sustainability, especially in countries like India where over 600 million people face high to extreme water stress. By actively restoring water through rainwater harvesting, watershed development, and recharge structures, LTF not only mitigates its own water footprint but also enhances the availability of water for agriculture, domestic use, and ecosystem health in vulnerable regions.

The economic value of this replenishment is substantial. In water-scarce zones, the true cost of water, which includes sourcing, purification, distribution, and the socio-environmental cost of depletion—is estimated at $15 per KL, or approximately ₹ 1,253 per KL. Applying this valuation to the 17.144 million KL of surplus water, LTF's efforts have generated a positive monetary benefit of ₹ 2,147 Cr.

₹ 2,147 Cr
Monetary benefit due to water positivity

Moreover, this initiative aligns with national priorities under the Jal Shakti Abhiyan and global goals such as SDG 6 (Clean Water and Sanitation) and SDG 13 (Climate Action). By investing in water replenishment, LTF not only safeguards natural resources but also strengthens community resilience, supports livelihoods, and contributes to climate adaptation. Furthermore, LTF achieved water neutrality in FY22 and advanced its commitment to sustainability by becoming water positive/surplus by FY25.



[13] PIB

FUTURE OUTLOOK FOR VALUE CREATION

LTF's True Value Assessment for FY25, has helped LTF gain a comprehensive understanding of its environmental, social, and economic impact across its operational footprint. The assessment has enabled LTF to quantify the tangible benefits delivered to its stakeholders—ranging from rural entrepreneurs and farmers to employees and communities—while also identifying areas for strategic enhancement. The insights derived from this exercise serve as a foundation for LTF's forward-looking strategy, aimed at deepening its role as a catalyst for inclusive and sustainable development.

LTF's financial solutions, particularly in rural and underserved regions, have demonstrated multifaceted value creation. From empowering women entrepreneurs through microfinance to enabling farmers to store and monetise their produce via warehouse receipt financing, LTF's interventions have led to measurable improvements in livelihood security, resource efficiency, and environmental stewardship. The Company's ability to avoid emissions, replenish water, and reduce waste has translated into significant economic benefits, reinforcing its commitment to responsible growth.

Building on these outcomes, LTF is now positioned to scale its impact through a focused strategy encompassing four key pillars:

Expanding Reach and Inclusion

LTF is committed to extending its services to a broader spectrum of underserved communities, particularly in remote and economically vulnerable regions. By deepening its presence across rural, semi-urban, and metropolitan areas, LTF aims to ensure equitable access to financial tools that foster entrepreneurship, resilience, and long-term prosperity.

Leveraging Technology for Integration

Technology will play a central role in enhancing operational efficiency and stakeholder engagement. LTF has been investing in digital platforms and AI to strengthen and improve transparency in commodity financing, and enable real-time monitoring of environmental performance. These innovations will support better decision-making, reduce manual dependencies, and enhance accountability across the value chain.

Strengthening Internal Systems and Governance

Operational excellence remains a priority. LTF is enhancing its internal systems through automation, data-driven risk management, and capacity-building initiatives for its workforce. These efforts will ensure consistency, scalability, and compliance, while fostering a culture of continuous improvement and innovation.

Embedding a Sustainable Finance Framework

LTF is integrating sustainability at the core of its financial strategy to drive long-term value creation for communities and ecosystems. Through the adoption of a robust sustainable finance framework, LTF is aligning its lending practices with environmental, social, and governance (ESG) principles. This includes prioritising green financing, supporting climate-resilient livelihoods, and incentivising responsible business practices among borrowers. By embedding sustainability metrics into credit assessments and portfolio monitoring, LTF aims to catalyse inclusive growth while mitigating environmental risks and enhancing social impact.

Through these strategic directions, LTF envisions to become a holistic enabler of financial transformation, where financial inclusion is seamlessly integrated with environmental responsibility and social equity. The Company's journey ahead is anchored in its core values of transparency, impact, and innovation—ensuring that every intervention contributes meaningfully to the well-being of people and the planet.

Reporting Scope and Boundary

The Report covers the operational activities and product portfolios of LTF for the reporting period April 1, 2024 to March 31, 2025. This timeframe aligns with LTF's financial year, ensuring consistency and comparability with other corporate disclosures. The scope and boundary are defined across the following dimensions:

- Includes all the retail business portfolios of LTF—Farmer Finance (Farm Equipment Finance and Agri Allied Finance), Rural Business Finance (Rural Group Loans & Micro Finance, and Micro LAP), Urban Finance (Two-Wheeler Finance, and Home Loans and LAP), SME Finance, and Personal Loans portfolio.
- Encompasses LTF's operations across India, including the head office and 2,296 branches (including rural branches). LTF does not have any operations outside India.
- Assesses the impacts across the products/services and LTF's operations.
- Includes economic, social, and environmental impacts, which are further categorised as positive and negative impacts.
- Considers the value created or eroded for key stakeholder groups.

Registered Office:

L&T Finance

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