

INTERVIEW: N SIVARAMAN

PRESIDENT & WHOLE-TIME DIRECTOR, L&T FIN HOLDINGS

Expect NPAs to fall in near future

N Sivaraman, president & whole-time director, L&T Finance Holdings, said the lender has not seen any large NPAs in areas apart from the farm sector, adding the scenario is likely to improve. In an interaction with reporters, Sivaraman also indicated that the company would continue to meet prospective investors with regard to a possible stake sale. Excerpts:

You have reported a 15% y-o-y rise in Q1FY16 net profit...

The Rs 285-crore profit reported for Q1FY15 included the profit on sale of investments in City Union Bank. So, the numbers that we are talking about exclude exceptional items. We were at about Rs 167 crore last year and, this time around, we are at about Rs 191 crore, which is a 15% increase.

There have been reports of Bain Capital and Warburg Pincus looking at a stake in L&T Finance Holdings. Could you provide some clarity?

As part of our investor relationship exercise, we meet multiple investors based on mutual interest and some of these conversations could lead to them picking up a



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stake in the company. It could either be a secondary purchase from the market or by way of fresh capital infusion into the company. We will continue to pursue these conversations, but there is nothing that has been finalised in

terms of size or the name of the investor.

How do you read the NPA cycle?

Other than farm assets, we have not seen any increase in non-performing assets as of

June 2015, except for some marginal numbers. Farm assets typically display a very seasonal behaviour and we should see a reduction with the situation becoming normal over a period of time. We do believe that the numbers will be smaller than what we saw in June, though by how much and how quickly will be a function of the environment. There will be a downward trajectory of NPAs, that is our expectation.

Could you tell us about any slippages in Q1FY16?

It is difficult to talk about small numbers in the retail book. In the wholesale book, there was one account of about Rs35 crore that slipped into an NPA. We run a portfolio, so it is difficult to go account by account. We did recover some money, but that is not very significant in the context of the overall numbers.

What was your cost of funds for the first quarter of FY16?

Our cost of funds has been about 9.50%. It has come down by 15 to 17 basis points from that in the previous quarter, but compared to the previous year, it is almost one percentage point lower.