

# L&T Finance

## Mar quarter net profit up 22%

BY DINESH UNNIKRISHNAN  
*dinesh.n@livemint.com*

MUMBAI

**L**&T Finance Holdings Ltd, the financial arm of India's biggest engineering and construction firm **Larsen and Toubro Ltd**, said on Thursday that its March quarter profit rose 22%, boosted by robust growth in its loan book.

Net profit rose to ₹171.4 crore in the quarter ended 31 March from ₹140.7 crore in the year earlier, the company said. Improvement in margins and tight control on operating expenses too helped generate higher profit, the company said.

L&T Finance's loan book rose 30% to ₹33,309.1 crore while gross non-performing assets declined to 2.03% of total loans at end-March from 2.39% in the preceding quarter.

"Credible and stable signs of improvement in the business environment are yet to show up. We expect that the various policy initiatives being undertaken by the government to revive the capex cycle will yield positive results by the second half of the FY14 fiscal," the company said in its outlook.

Margins are expected to be stable or improve due to a likely improvement in the interest rate environment but asset quality continues to be under stress and any improvement is likely only in the second half of the fiscal year, it said. During the year, while disbursements in construction equipment and commercial vehicle segments declined 31.4% and 40.3%, respectively, rural products finance and infrastructure financing for the transportation sector grew at a healthy pace, the company said.

In the March quarter, the company disbursed ₹4,765.1 crore in retail and corporate finance business compared with ₹4,410.9 crore in the same period last year. Disbursements in infrastructure finance business rose to ₹2,533 crore in the March quarter compared with ₹1,938.9 crore in the year-ago period.

During the quarter, L&T Finance made additional provisions of ₹13.9 crore against its entire micro-finance portfolio in Andhra Pradesh. Microfinance institutions in the southern state faced a crisis after the state government promulgated a law to rein in microlenders in 2010.

Shares of L&T Finance ended 0.32% up at ₹79.55 on BSE while the exchange's benchmark Sensex gained 1.19% to 19406.85 points.