

L&T Finance Q1 net up 15%

Aided by higher retail margins, stable credit cost

OUR BUREAU

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Non-banking finance company L&T Finance posted a 15 per cent growth in its first quarter net profit, helped by higher margins in its retail business and stable credit and operating costs.

In the quarter ended June 30, the Mumbai-based financier posted a net profit of ₹167 crore against ₹145 crore, a year earlier.

Including the company's sale of shares in City Union Bank, the profit for the period is ₹286 crore.

Rural finance

The company's loan assets grew by 19 per cent to ₹40,764 crore led largely by "continued momentum in disbursements of rural products finance, personal vehicle finance and housing finance."



N Sivaraman, Director L&T Finance

Bad loans (gross) as a percentage of total loans increased to 3.57 per cent in the quarter ended June from 3.18 per cent in March 2014. The bulk of the bad loans has come from the company's wholesale finance portfolio.

Notwithstanding this, the company's wholesale disbursements during the quarter jumped 47 per cent to ₹2,017 crore.

N Sivaraman, Director, L&T Finance, said: "Given the uncertain environment with re-

spect to mining and infrastructure and the probability of a poor monsoon, the company has been careful in lending to the commercial equipment (CE) and commercial vehicle (CV) segment."

In the first quarter of the current fiscal, the NBFC's lending to the commercial vehicle segment has dropped to ₹27 crore (₹167 crore, a year ago) and loans to the commercial equipment segment have fallen to ₹91 crore (₹260 crore).

Bank licence

The company said it would look to maintain an overall loan book growth of about 20 per cent in the second quarter and hoped its returns would improve.

Asked if the company is interested in applying for a payment bank licence, Sivaraman said: "We still have to convert the proposed guidelines into a business case. It would be premature to comment more on this before analysing this further."