

# L&T Finance Holdings net up 15% on improved margins

The overall asset quality has remained stable, says CMD

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L&T Finance Holdings reported a 15 per cent growth in its consolidated net profit in the first quarter ended June 30, 2015, on the back of improvement in margins, steady fee income and stable operating expenditure.

The net profit stood at ₹192 crore compared with ₹167 crore in the year-ago period

In the reporting quarter, deferred tax credit of ₹24.33 crore (₹5.54 crore in the year-ago quarter) and Minimum Alternate Tax credit of ₹4.87 crore (nil in the year-ago quarter) also helped prop up the company's bottomline.

L&TFHL has seven wholly-owned subsidiaries – L&T Finance, L&T Infrastructure Finance, L&T Investment Management, L&T Capital Markets, L&T Housing Finance, Family Credit and L&T FinCorp. It is classified by the RBI as a systemically important, non-deposit taking, core investment company.

In the quarter under review, income from operations rose 19 per cent to ₹1,718 crore (₹1,438 crore). Other income rose 32 per cent to ₹41 crore (₹31 crore).

While finance costs increased 14 per cent to ₹984 crore (₹861

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YM Deosthalee, CMD, L&TFHL

crore), the company's total expenses rose only 4 per cent at ₹499 crore (₹481 crore).

Year-on-year, loans and advances in the retail finance and wholesale finance segments were up 14 per cent and 29 per cent to ₹25,867 crore and ₹23,352 crore, respectively.

Net interest margin for the lending business improved to 5.65 per cent from 5.52 per cent in the same period last year.

Gross non-performing assets on a sequential quarter basis rose to 3.05 per cent from 2.25 per cent (in the January-March 2015 quarter).

The company attributed this largely to higher delinquencies in the farm portfolio, which is seasonal in nature.

"...The seasonal delinquencies in the farm portfolio have had an impact on NPAs and the financial performance. Other than this, the overall asset quality has remained stable with fewer incremental additions despite migrating to recognition of NPAs at 150 days past due basis levels," said YM Deosthalee, Chairman and Managing Director, L&TFHL.