

## Press Release

Tuesday, January 24, 2017, Mumbai

### Financial Performance for quarter ended December 31, 2016

**Consolidated Profit at Rs. 271 cr. – YoY growth of 28%**

**Third successive quarter of ROE improvement – 12.81% in Q3FY17 as compared to 9.29% in Q3FY16**

#### Result Highlights:

Despite a challenging environment, L&T Finance Holdings Ltd (LTFH) remained committed to its strategy to reach top quartile Return on Equity (RoE) by FY20. With RoE of 12.81%, an improvement of 352 bps YoY, Q3FY17 marked the third continuous quarter of RoE growth. LTFH also reported steady progress on the initiatives that are aimed at ensuring profitable growth.

- **Strong PAT growth:** LTFH's Consolidated PAT increased 28%, from Rs. 212 cr. in Q3FY16 to Rs. 271 cr. for Q3FY17. This is on the back of profitable asset growth and strong traction in fee income across all the businesses. This growth was achieved despite substantial amount of Rs.214 cr. voluntary credit cost taken in order to further strengthen the balance sheet.
- **Profitable asset growth:** In line with strategic objectives, 15% growth was recorded in the focused businesses, while de-focused businesses has de-grown by 39%. As a percentage of total assets, the de-focused book has come down from 9% to 5% between Q3FY16 and Q3FY17. This trend is expected to continue in the future leading to better profitability.

Business Assets (Rs. Cr.)	Q3FY16	Q3FY17	YoY (%)
Rural Finance	8,197	9,565	17%
Housing Finance	8,658	11,565	34%
Wholesale Finance	34,081	37,660	10%
<b>Focused Businesses</b>	<b>50,936</b>	<b>58,790</b>	<b>15%</b>
<b>De-focused Products</b>	<b>5,183</b>	<b>3,180</b>	<b>-39%</b>
<b>Total</b>	<b>56,119</b>	<b>61,970</b>	<b>10%</b>

- **Cost Optimization:** Cost/Income ratio has come down from 30% in Q3FY16 to 25% in Q3FY17. LTFH intends to maintain its controls on cost but at the same time increase its investment in digitization and automation.
- **Improvement in asset quality:** Demonetization impacted the collections in this quarter, especially in microfinance and farm businesses. While situation is normalizing, reported GNPA has reduced by 12 bps considering the dispensation given by RBI. Although LTFH has reported GNPA as per extant RBI dispensation, it continues to carry provisions not considering the dispensation.

(Rs. Cr.)	Q3FY16	Q3FY17
Gross NPA	2,716	2,940
Net NPA	2,103	1,843
Gross NPA %	4.97%	4.85%
Net NPA %	3.89%	3.10%
Provision Coverage %	23%	37%

- Generating value through Investment Management and Wealth Management businesses:** In the Investment Management business, Average Assets under Management (AAUM) for the quarter grew by 40%, from Rs. 25,059 cr. in Q3FY16 to Rs. 35,191 cr. in Q3FY17. Share of equity assets is at 39% of the total AAUM, reaching Rs. 13,796 cr. representing a 34% YoY increase from Rs. 10,331 cr.

In the Wealth Management business, Average Assets under Service (AAUS) went up by 37%, from Rs. 8,363 cr. in Q3FY16 to Rs. 11,471 cr. in Q3FY17 with client base growing from ~ 4,100 to ~ 5,400.

### **Management Commentary**

Commenting on the results and financial performance, Mr. Dinanath Dubhashi, Managing Director, L&T Finance Holdings, said, “Q3 tested the organizational resilience to not deviate from the strategy despite challenging environment. I mentioned in the last quarter that focus on RoE is now culturally ingrained and the results this quarter have gone a long way in demonstrating the same. With the situation on ground constantly evolving after demonetization, the employees were empowered to take decisions and in turn, they responded by taking ownership and working in a solution oriented manner. Their constant focus was on delivering results that the organization has committed to deliver to its shareholders.”

### **About L&T Finance Holdings:**

LTFH is a financial holding company offering a focused range of financial products and services across rural, housing and wholesale finance sectors, as well as mutual fund products and wealth management services, through its wholly-owned subsidiaries, viz., L&T Finance Ltd, L&T Infrastructure Finance Company Ltd, L&T Investment Management Ltd, L&T Capital Markets Ltd, L&T Housing Finance Ltd, Family Credit Ltd, L&T FinCorp Ltd. and L&T Financial Consultants Ltd. It is registered with RBI as a CIC-ND-SI. LTFH is promoted by Larsen & Toubro (L&T), one of the leading companies in India, with interests in engineering, construction, electrical & electronics manufacturing & services, IT and financial services.

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