



## L&T Finance Holdings

### Press Release – L&T Finance Holdings Limited

#### Financial Performance for the quarter and nine months ended 31<sup>st</sup> December, 2012

*Consolidated Profit for the Quarter (excluding exceptional items) grows by 26.91%*

**Tuesday, 29<sup>th</sup> January, 2013, Mumbai:** L&T Finance Holdings (L&TFH) today released details of their financial performance for the quarter and nine months ended 31<sup>st</sup> December, 2012.

#### Highlights of the quarter:

- **Healthy growth in assets:** Loans & Advances as on 31<sup>st</sup> December 2012 grew by **30.77%** year on year to Rs. 31,230.5 Cr.
- **Growth in Profit after Taxes (PAT):** The consolidated PAT for the quarter grew by **214.78%** to Rs. 294.6 Cr, and for the nine month period grew by **77.98%** to Rs. 559.0 Cr. The consolidated PAT (excluding exceptional items) for the quarter grew by **26.91%** y-o-y to Rs. 118.8 Cr. and for the nine-month period grew by **22.00%** y-o-y to Rs. 383.2 Cr.
- **Asset Quality:** Gross NPAs stood at 2.39% of loan assets as on 31<sup>st</sup> December 2012 as compared to 2.20% as on 31<sup>st</sup> December 2011. Net NPAs stood at 1.56% of loan assets as on 31<sup>st</sup> December 2012 as compared to 1.25% as on 31<sup>st</sup> December 2011.

During the third quarter, L&TFH successfully completed the acquisitions of Indo Pacific Housing Finance Limited, Fidelity's Indian mutual fund business and FamilyCredit Limited. The consolidated results of the third quarter include the results of these businesses for the period after consummation of the acquisitions.

#### Assets:

Loans and Advances grew by 30.77% to Rs. 31,230.5 Cr. as on 31<sup>st</sup> December 2012 as compared to Rs. 23,883.3 Cr. as on 31<sup>st</sup> December 2011 and by 12.90% as compared to Rs. 27,665.8 Cr as on 30<sup>th</sup> September 2012.

#### **L&T Finance Holdings Limited**

Corporate Office:  
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In L&T Infra, loan assets were Rs. 13,293.7 Cr as on 31<sup>st</sup> December 2012, a growth of 31.80% over last year. L&T Finance (including L&T FinCorp) loan assets grew by 18.90% over last year to Rs. 16,402.2 Cr as on 31<sup>st</sup> December 2012. The share of project assets in L&T Infra was 64%, of which almost 50% are operational assets. FamilyCredit Limited contributed Rs. 1,339.4 Cr of loan assets and L&T Housing Finance Limited added Rs. 195.3 Cr. to the total loan assets.

The total disbursements for the nine month period aggregated to Rs. 15,556.2 Cr, (Previous Year Rs. 15,324.6 Cr). Of this, L&T Infra disbursed Rs. 4,111.9 Cr, (Previous Year Rs. 4,197.1 Cr), L&T Finance (including L&T FinCorp) disbursed Rs. 11,413.4 Cr (Previous Year Rs. 11,127.5 Cr) and L&T Housing Finance disbursed Rs. 31.0 Cr. Disbursements for the quarter were Rs. 6,656.1 Cr, registering a 20.59% growth as compared to the same period last year.

Slow growth in disbursements on a yearly basis are a reflection of the current environment in the infrastructure sector and corporate sector impacting disbursements in infrastructure, corporate, auto and construction equipment segment and our cautious approach to credit selection. On a YTD basis, while the disbursements in construction equipment and commercial vehicle segments witnessed a de-growth of 30.05% and 26.36% respectively, the Rural Products Finance segment showed a robust 39% growth over previous year, at Rs. 2,491 Cr.

### **Profit after Taxes:**

L&TFH's consolidated PAT for the quarter was Rs. 294.6 Cr., as against Rs. 93.6 Cr. for the same period in FY12 representing a growth of 214.78%. The consolidated PAT for the nine month period was Rs. 559.0 Cr. compared to Rs. 314.1 Cr. for the same period in FY12, representing a growth of 77.98%. This growth in the reported profits is after considering exceptional items amounting to Rs. 175.8 Cr (net of tax), which includes profit on sale of stake in Federal Bank and costs related to integration of Fidelity's mutual fund business.

L&TFH reported a 26.91% increase in the consolidated PAT (excluding exceptional items) for the quarter on a Y-o-Y basis, from Rs. 93.6 Cr in Q3FY12 to Rs. 118.8 Cr in Q3FY13. Likewise, the consolidated PAT (excluding exceptional items) for the nine month period ended 31<sup>st</sup> December 2012 was Rs. 383.2 Cr as compared to Rs. 314.1 Cr as on 31<sup>st</sup> December 2011, registering a growth of 22.00%. This growth has been on account of improvement in margins and tight control of operating expenses, offset by increase in credit costs. In addition, LTFH and LTIM incurred total cost of Rs. 8.4 cr towards brand-building during the third quarter.

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### **Non-Performing Assets:**

Gross NPA stood at Rs. 726.5 Cr. or 2.39% as a percentage of gross advances as on 31<sup>st</sup> December 2012 as against Rs. 512.9 Cr. or 2.20% as on 31<sup>st</sup> December 2011 and Rs. 487.7 Cr. or 1.81% as on 30<sup>th</sup> September 2012. Of this Rs. 143.3 Cr Gross NPA is of FamilyCredit Limited (FCL), mainly contributed by legacy portfolio, which has been fully provided for (acquisition cost of FCL is adjusted for this portfolio). The increase in Gross NPA was primarily contributed by infrastructure loans, corporate loans and construction equipment loans, as a result of stress in the economic environment.

Net NPA stood at Rs. 469.8 Cr. or 1.56% as a percentage of gross advances as on 31<sup>st</sup> December 2012 as against Rs. 287.1 Cr. or 1.25 % as on 31<sup>st</sup> December 2011 and Rs. 332.7 Cr. and 1.24% as on 30<sup>th</sup> September 2012.

During the current quarter, against loan assets of Micro-finance portfolio in Andhra Pradesh, the company made additional provisions of Rs. 14.4 Cr and wrote-off 29.0 Cr. As on December 2012, the cumulative provisions/write-offs is Rs. 177.8 Cr., resulting in a net uncovered portfolio of Rs. 13.9 Cr.

### **Update on acquisitions**

#### **1. Acquisition of Indo Pacific Housing Finance (IPHF)**

LTFH successfully completed the acquisition of IPHF on 9<sup>th</sup> October 2012.

IPHF is a housing-finance company registered with the National Housing Bank. It offers a wide range of housing finance products like home loans, loans for construction/repair of property and loan against property. As of December 2012, IPHF has loan assets of Rs. 195.3 Cr.

LTFH aims to build a balanced housing finance portfolio by deriving synergy benefits based on its brand and existing presence across India.

#### **2. Acquisition of Fidelity's Indian mutual fund business**

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The acquisition of FIL Fund Management Private Limited and FIL Trustee Company Private Limited and transfer of schemes of Fidelity Mutual Fund was successfully completed on 23<sup>rd</sup> November, 2012.

This was among the largest business mergers in the asset management industry with the transfer of nearly 2 million folios and large volumes of other data. The transaction was unique as the business and scheme mergers were done simultaneously.

With this, L&T Mutual fund has over Rs. 12,000 Cr in average assets across nearly 950,000 investors based in more than 200 towns and cities. The business now has critical mass, a comprehensive product range of 25 schemes across equity, fixed income and hybrid funds, proven track record, high quality team and a branch network panning 55 cities.

### **3. Acquisition of FamilyCredit Limited (FCL)**

LTFH successfully completed the acquisition of FCL from Société Générale Consumer Finance on 31<sup>st</sup> December 2012.

FCL is an NBFC involved in two-wheeler financing and auto financing and is a preferred financier for leading two-wheeler manufacturers and auto OEMs. As of December 2012, FCL has a presence in 17 states through 52 branches with 1,000+ DSTs and a customer base of ~5,00,000, and its loan assets were Rs. 1,339.4 Cr.

This acquisition would give LTFH a foothold in 2 wheeler and auto finance areas and throw up opportunities for benefitting from economies of scale and cross selling as the retail finance bouquet expands.

### **Outlook:**

The government has initiated several reform initiatives in the recent past which has resulted in improved sentiments. However, owing to tight liquidity situation and concerns around current account and fiscal deficit, the impact on investment climate would be seen in the coming quarters. With no major changes in the operating environment in the last few quarters, the current stress in the corporate sector may continue for some time. We expect improved margins based on the expectations of a stable or improving interest rate environment.

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### Summary of performance of Subsidiaries

Rs. Cr.	L&T Finance + L&T FinCorp + FamilyCredit		L&T Infra		L&T Investment Management		L&T Housing Finance
	Q3 FY 13	Q3 FY 12	Q3 FY 13	Q3 FY 12	Q3 FY 13	Q3 FY 12	Oct 9, 2012 – Dec 31, 2012
Disbursements	4,354.4	4,168.5	2,270.7	1,350.9			31.0
Loans & Advances	17,741.6	13,796.3	13,293.7	10,086.9			195.3
Total Income	583.2	474.7	410.3	304.7	9.6	2.9	7.4
Operating Cost	102.4	89.1	20.4	15.3	36.2	9.3	4.3
Credit Cost	65.7	48.5	27.2	13.0			0.1
PAT	53.3	39.1	81.9	58.7	(26.6)	(6.4)	1.1

### About L&T Finance Holdings:

L&TFH is a financial holding company offering a diverse range of financial products and services across the corporate, retail and infrastructure finance sectors, as well as mutual fund products and investment 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 Housing Finance Ltd, FamilyCredit Ltd and L&T FinCorp Ltd. It is registered with the RBI as an NBFC-ND-SI, and has applied to the RBI for registration as a CIC-ND-SI. L&TFH is promoted by Larsen & Toubro Ltd (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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Note: Loans & Advances is gross of provisions.

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