L&T Finance Holdings

Press Release – L&T Finance Holdings Limited

Financial Performance for the quarter ended 30th June, 2013

Consolidated Profit for the Quarter grows by 20.0%

Tuesday, 23rd July, 2013, Mumbai: L&T Finance Holdings (L&TFH) today released details of their financial performance for the quarter ended 30th June, 2013.

Highlights of the quarter:

- **Healthy growth in assets:** Loans & Advances as on 30th June 2013 grew by 31.1% year on year to Rs. 34,337.2 Cr. and by 3.1% as compared to Rs. 33,309.9 Cr as on 31st March 2013.

- **Growth in Profit after Taxes (PAT):** The growth in PAT was driven by the continued momentum in the Retail Finance Business**.** The Consolidated PAT for the quarter grew by 20.0% y-o-y to Rs. 144.9 Cr. For the lending businesses the Consolidated PAT for the quarter grew by 20.2% y-o-y to Rs 152.8 Cr.

- **Asset Quality:** The uncertain macro environment resulted in an increase in Gross NPA, contributed mainly by the corporate, infrastructure and SME segments. Gross NPAs stood at 2.54% of loan assets as on 30th June 2013 as compared to 2.03% as on 31st Mar 2013. Net NPAs stood at 1.67% of loan assets as on 30th June 2013 as compared to 1.26% as on 31st Mar 2013.

- **Other Highlights:**
  - The Investment Management business had a strong quarter. The Average Assets under Management (AAUM) grew to Rs. 13,781.5 Cr., registering an increase in market share from 1.4% in Q4FY13 to 1.6% in Q1FY14.
  - The Private Wealth Management business continued to build momentum with a client base of ~650 and an Average Assets under Service (AAUS) of Rs. 2951.0 Cr.

Assets

Disbursement trends continue to be similar to the last quarter with construction equipment and commercial vehicle segments witnessing de-growth, while the Rural Products Finance and infrastructure financing for the Transportation sector showed healthy growth. We continue to follow a cautious approach to credit selection and consequently disbursements in corporate, auto and construction equipment segments have been impacted. The disbursements reflect the general slowdown in the economy, absence of new capex cycle, stretched working capital cycles of corporate and the vibrant rural economy.

Rs Cr	Disbursements			Loans & Advances			
	Q1FY13	Q1FY14	Growth (%)	Q1FY13	FY13	Q1FY14	Growth (%)
Retail & Corporate Finance Business	3,427.0	4,305.0	25.6%	15,051.2	18,201.8	18,650.2	24.0%
Housing Finance Business	-	205.6	-	-	326.4	519.6	-
Infrastructure Finance Business	580.0	1,348.0	132.4%	11,133.0	14,781.7	15,167.4	36.2%
Total	4,007.0	5,858.6	46.2%	26,184.2	33,309.9	34,337.2	31.1%

Profit after Taxes

The growth in PAT has been on account of continued improvement in margins, offset by an increase in credit costs. The reduction in the losses in the investment management business and positive contribution from the microfinance business also aided profit growth.

Rs Cr	PAT		
	Q1FY13	Q1FY14	Growth (%)
Retail & Corporate Finance Business	49.8	73.7	48.0%
Housing Finance Business	-	1.9	-
Infrastructure Finance Business	74.4	76.7	3.1%
Investment Management Business	(7.7)	(3.5)	-
Others	4.2	(3.9)	-
Total	120.7	144.9	20.0%

Non-Performing Assets

Gross NPA stood at Rs. 846.4 Cr. or 2.54% as a percentage of gross advances as on 30th June 2013 as against Rs. 659.6 Cr. or 2.03% as on 31st March 2013. The increase in Gross NPA has been contributed primarily by corporate loans in infrastructure and SME sectors, as a result of stress in the economic environment. The GNPA includes Rs. 94.2 Cr (net of write off) in FamilyCredit Limited (FCL), mainly contributed by legacy portfolio (fully provided for).

L&T Finance Holdings Limited
Corporate Office:
8th Floor, City 2, Plot No 177, CST Road,
Vidyanagari Marg, Kalina, Santacruz (East), Mumbai - 400 098, India

Registered Office:
L&T House, N. M. Marg
Ballard Estate
Mumbai 400 001, India

Net NPA stood at Rs. 551.0 Cr. or 1.67% as a percentage of gross advances as on 30th June 2013 as against Rs. 406.3 Cr. or 1.26 % as on 31st March 2013.

We continue to follow a conservative provisioning policy with contingent and voluntary provisions of Rs. 256.1 Cr over and above RBI norms.

Outlook:

The macroeconomic environment continues to remain uncertain, with limited visibility on signs of improvement in the business environment. The recent volatility in the exchange rates has increased the challenges for policy makers in an economy witnessing a slowdown.

The various policy initiatives being undertaken by the government to revive the capex cycle and investments are expected to yield positive results in the medium to long term. Early indications of good monsoons are expected to keep the rural economy buoyant, in turn contributing to growth in disbursements and book. Margins are expected to be stable or witness a marginal improvement due to an expected improvement in the interest environment in H2FY14. Though we continue to be cautious in credit selection and asset monitoring, concerns on asset quality remain. Improvement in the overall business environment is expected to enable stabilization of asset quality.

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 Capital Markets 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.

For Details, Contact: Arijit Sengupta, L&TFH (9820340485,Arijit.Sengupta@ltfinanceholdings.com)

Note: *Loans & Advances is gross of provisions.*