

Press Release

Friday, January 17, 2020, Mumbai

Financial performance for the quarter ended December 31, 2019

PAT stands at Rs. 591 Cr
RoE stands at 16.51%
Gross Stage 3 declined to 5.94%
NIMs plus Fees at 7.29%
Raised more than Rs. 10,000 Cr in long term borrowing, further strengthening ALM

L&T Finance Holdings (LTFH), a leading diversified Non-Banking Financial Company (NBFC), announced its results for the quarter ended December 31, 2019.

Key Highlights:

LTFH remains on the path of consistent financial performance with steady profit margins, stable asset quality and growth in focused businesses.

- ✓ The consolidated PAT is Rs. 591 Cr for Q3FY20, Vs. Rs. 580 Cr in Q3FY19
- ✓ Continues to deliver top quartile RoE at 16.51%
- ✓ Continues to maintain steady 'NIMs + Fees' at 7.29% in Q3FY20 Vs. 6.79% in Q3FY19
- ✓ Pre-provisioning operating profit (PPOP) stands at Rs.1,334 for Q3FY20, up 12% YoY
- ✓ Focused lending book saw a growth of 14% in Q3FY20 Vs. Q3FY19
- ✓ The Company services over 1.19 Cr customers through 223 branches and 1,450 meeting centres

The Company has been distinguished by the inherent strength of its parentage, AAA rating and a robust business model, over the past year, and has established a sustainable value proposition for all stakeholders. This is demonstrated in the following:

- ✓ Raised more than Rs.10,000 Cr in long term borrowing in Q3FY20 - the highest quarterly borrowing since FY17
- ✓ Raised public issue of secured NCDs which was oversubscribed 3.01 times of the base issue size of Rs. 500 Cr and the issue was closed on the 2nd day
- ✓ Effectively tapped PSL funding of Rs.1,818 Cr in Q3FY20
- ✓ The Weighted Average Cost of Funds remains steady (8.54% in Q3FY20 Vs. 8.50% in Q3FY19 and 8.61% in Q2FY20) despite diversification, CP proportion reducing from 16% to 9% YoY and an increase in long-term borrowing

Update on Businesses: The Company continues to strengthen the balance sheet by concentrating on the focused lending businesses i.e. Rural Finance, Housing Finance and Infrastructure Finance, where it has a clear 'Right to Win', while running down the defocused businesses.

	Q3FY19 (Rs. Cr)	Q3FY20 (Rs. Cr)	Book Growth
Focused Lending Businesses			
Rural Finance	24,122	27,594	14%
Housing Finance	23,319	26,689	14%
Infrastructure Finance	35,171	39,674	13%
Total Focused book	82,612	93,956	14%
Defocused Lending Businesses (incl. Structured Finance & DCM)	12,100	5,497	(55%)
Total Lending Book	94,711	99,453	5%

✓ Investment Management: Average Assets under Management (AAUM) has increased to Rs. 71,587 Cr in Q3FY20 from Rs.69,080 Cr in Q3FY19 – growth of 4%

Stable Asset Quality: Focus on portfolio quality and a prudent risk management framework remains the fulcrum of LTFH's business strategy. The asset quality of LTFH remained stable year-on-year backed by conservative underwriting, robust early-warning signals, and strong project monitoring metrics.

✓ Reduction in GS3 from 6.74% in Q3FY19 to 5.94% in Q3FY20

(Rs. Cr)	Q3FY19	Q2FY20	Q3FY20
Gross Stage 3	6,033	5,745	5,662
Net Stage 3	2,263	2,632	2,458
Gross Stage 3 %	6.74%	5.98%	5.94%
Net Stage 3 %	2.64%	2.83%	2.67%
Provision Coverage %	62%	54%	57%

Management Commentary:

Commenting on the financial results Mr. Dinanath Dubhashi, Managing Director & CEO, LTFH, said,

“NBFCs with strong parentage, AAA credit rating and prudent business practices have stood out and asserted their strength over the past year. Our robust business model, diverse sources of funding, steady growth and focus on asset quality, are in line with our strategy of building a stable and sustainable business. We have shown consistent performance across our focused businesses while building our inherent strengths to ensure better than industry performance when demand picks up.”

About L&T Finance Holdings:

LTFH (www.ltfs.com) 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 Housing Finance Ltd., L&T Infrastructure Finance Company Ltd., L&T Infra Debt Fund Limited, L&T Investment Management Ltd. and L&T Capital Markets Ltd. LTFH is registered with RBI as a CIC-ND-SI[1]. LTFH is promoted by Larsen & Toubro Ltd. ("L&T") (www.larsentoubro.com), one of the leading companies in India, with interests in engineering, construction, electrical & electronics manufacturing & services, IT and financial services.

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[1] Systemically Important Core Investment Company, a classification of Non-Banking Financial Company (NBFC) by RBI

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