

L&T Finance

BSE SENSEX 80,110 S&P CNX 24,222

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Bloomberg	LTF IN
Equity Shares (m)	2493
M.Cap.(INRb)/(USDb)	351.5 / 4.2
52-Week Range (INR)	194 / 134
1, 6, 12 Rel. Per (%)	0/-16/-22
12M Avg Val (INR M)	1357

Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
Total Income	75.4	89.3	108.8
PPP	51.7	63.9	77.7
PAT	23.2	27.9	34.7
EPS (INR)	9.3	11.2	13.9
EPS Gr. (%)	42.4	20.3	24.3
BV/Sh. (INR)	94	103	114

Ratios

NIM (%)	9.6	9.9	9.8
C/I ratio (%)	40.4	39.1	38.1
RoAA (%)	2.2	2.5	2.6
RoE (%)	10.3	11.4	12.8
Payout (%)	26.9	26.0	24.5

Valuation

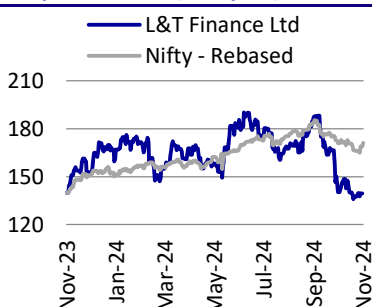
P/E (x)	15.1	12.6	10.1
P/BV (x)	1.5	1.4	1.2
Div. Yield (%)	1.8	2.1	2.4

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	66.3	66.4	66.0
DII	12.3	11.7	8.2
FII	6.7	7.3	10.9
Others	14.7	14.7	14.9

FII Includes depository receipts

Stock performance (one-year)



CMP: INR141 TP: INR180 (+28%) Buy

Driving growth through digital excellence

Leveraging AI, digital innovation and customer centricity to shape its future

We attended the Digital Investor Day hosted by L&T Finance (LTF) where it showcased how it is trying to redefine financial services with its technology and customer-first solutions. The company highlighted its digital transformation, AI-driven initiatives including its Project Cyclops (new underwriting engine), and broader technological advancements, which will shape the next phase of its journey. We believe that these digital initiatives will strengthen LTF's financial services offerings.

Key takeaways on the business front: 1) LTF has historically avoided lending to new-to-credit customers but aims to address this segment with innovations like "undiscovered prime" and "Project Cyclops" for more confident decision-making. 2) It is targeting sustainable RoA of 2.8%-3.0% through cost reductions, fee profile improvements, and operational efficiency despite a change in the product mix and pressures on yields. 3) In its MFI business, Nov'24 collection efficiency (CE) is expected to be stable MoM, with a positive bias towards improvement. If the same trends sustain in Dec'24 as well, then it will be safe to assume that the MFI industry stress has bottomed out. 4) LTF expects the overall credit costs in the MFI business to remain below ~INR10b in FY25. It has ~INR9.75b of macro provisions and if needed, it will utilize those reserves. 5) In personal loans (PLs), Project Cyclops will be launched by FY25 end, and it will soon be launching a new partnership with a mega partner for PLs.

Rural Business Finance: Tracking better than most of its MFI peers

- Over the years, the company has embraced a digital-first approach, implementing app-based customer journeys, real-time credit assessments, and 100% paperless on-boarding. Tools like geo-spatial technology, AI-driven decision-making, and predictive analytics have enhanced operational efficiency and customer experience. A unified sourcing and collection app integrates customer insights and collection strategies, contributing to faster processing times and enhanced field operations.
- Tailor-made pre-approved offers and dynamic customer segmentation allow for **risk-based pricing** and better customer targeting. Introduction of new offerings like micro LAP loans, catering to secured lending needs, will diversify the product portfolio.
- A robust **early warning signal (EWS)** framework, combined with AI and ML capabilities, allows for proactive risk identification and mitigation. Stringent sourcing norms ensure reduced customer leverage, with **87% of the portfolio having fewer than two external associations**.

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- Field efficiency has been significantly improved through automated route mapping, streamlined collection processes, and a focus on employee engagement. The company has strengthened its feet-on-street to enhance collections and maintain portfolio quality, with a 16% increase in manpower between Jul'24 and Oct'24.
- Despite challenges like floods and political disruptions, LTF has maintained Odpd **CE at 99.3% and 0-90dpd CE at 98.1% in Oct'24**. As of Oct'24, ~5.0% of its outstanding book had customers with LTF+ >= 4 associations, where it saw regular CE of 97%.

Farmer Finance: Market leader innovating for sustainable growth

- LTF is a leading tractor financier and strategic partnerships with all major tractor OEMs has ensured market leadership and deep customer penetration.
- Initiatives like Farm Cyclops (to be implemented) and STP (Straight Through Processing) will integrate data from multiple sources, including account aggregators, credit bureaus, and hyperlocal demographics, ensuring comprehensive customer assessments. The implementation of video personal discussions and minimal documentation requirements has enhanced convenience and reduced risk.
- In warehouse receipt finance, real-time price monitoring and API-integrated data flows have enabled faster disbursements, with sanction times reduced from 7-20 days to just 24-48 hours. In this product, LTF has disbursed ~INR11b since inception and has zero overdue accounts.
- Real-time insights into farming patterns, soil types, and meteorological data have improved customer profiling and asset verification processes.
- Disbursement TAT has been reduced to two hours in the D2C journey.

Urban Finance: Digital evolution at its core

- LTF's roadmap in its urban finance product segments reflected a robust alignment of technology, strategic partnerships, and customer-focused policies, for delivering strong risk-adjusted credit growth.
- The company showcased its transformation into a digitally driven organization, focusing on seamless customer experiences. It has a 100% digital journey across two-wheeler financing, home loans, and personal loans, and significant advancements in automation, such as conditional loan approvals in under two minutes. AI and machine learning integration refines underwriting, targeting prime and salaried customers.
- In 2W, Project Cyclops has increased prime customer base penetration to ~64% as of Oct'24 and has driven customer premiumization. Through its **valued partner program (VPP), the company is** enhancing dealer relationships with digital tools for better inventory funding and performance insights.
- In addition to cross-selling of PLs to its 2W customers, it is also leveraging large-scale partnerships with mega partners (customer base more than 10m) to upsell and cross-sell products.

SME Finance: Scaling up well; expects to add supply chain finance soon

- SME finance is now offered across 110+ locations with a total loan book size of ~INR52b. This product segment, which started with term loans, has expanded its offerings to include dropline OD, hybrid OD, and top-up loans and is expected to

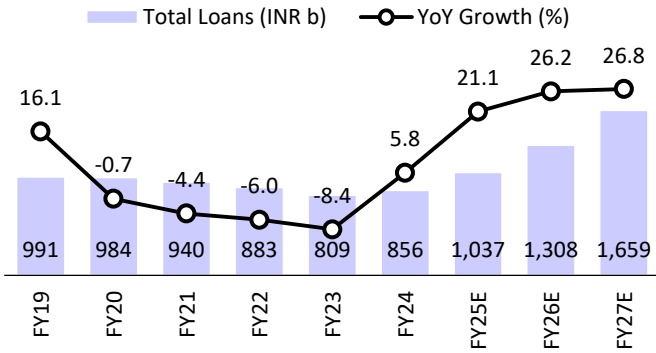
introduce supply chain financing (SCF) in Dec'24. SCF will first start with leveraging partnerships in the L&T ecosystem and will subsequently be expanded to dealer finance, vendor finance and bill discounting.

- SME business has been built on a digital native business model and is enabled through APIs, data-based location selection, and robust credit guardrails. It has over 20 APIs integrated for KYC and on-boarding. It uses early warning systems and predictive models.
- The segmentation of customer journeys is based on risk profiles. It has high portfolio quality, with only 2.1% first-time bounces (1HFY25). Majority of the SME portfolio is in prime (55%) and prime-plus (21%) segments.

Valuation and View

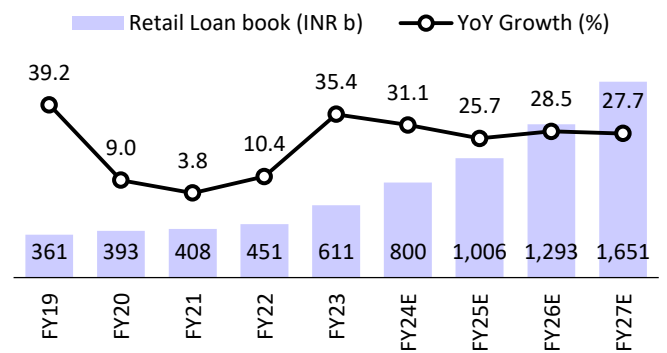
- LTF has moderated its MFI business growth and expects the industry to grow at 15%-20%. Importantly, this moderation has been done by choice (looking at the stress in the sector) rather than any duress in its own MFI book. It is expanding into AP and Telangana, which it expects to be growth markets for its MFI business.
- The company achieved highest-ever tractor disbursements in Oct'24. Management shared the rural cash-flows have been improving and multiple government schemes, which had been paused (prior to and during elections), have been resumed, bringing cash flows back in the hands of customers.
- LTF's strategic focus on digital innovation, prime customer acquisition, operational efficiencies, and risk-adjusted growth, will position it well to become a leading retail financial services player.
- We expect LTF's MFI business to fare better than most of its MFI peers in the current credit cycle. As investors gain more confidence in the company's ability to navigate the current MFI credit cycle with MFI credit costs at <4% in FY25, we believe that the stock will be ripe for a rerating and recoup the correction that was seen after its last earnings release. We maintain our BUY with a target price of INR180 (1.5x Sep'26E P/BV). The key risk is the MFI credit cycle continuing beyond FY25, resulting in high credit costs for far longer than currently envisaged.

Exhibit 1: Total loans CAGR of ~25% over FY24-27E



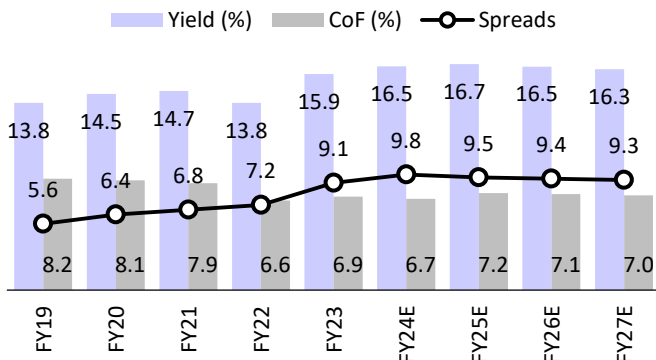
Source: MOFSL, Company

Exhibit 2: Retail loans CAGR of ~27% over FY24-FY27E



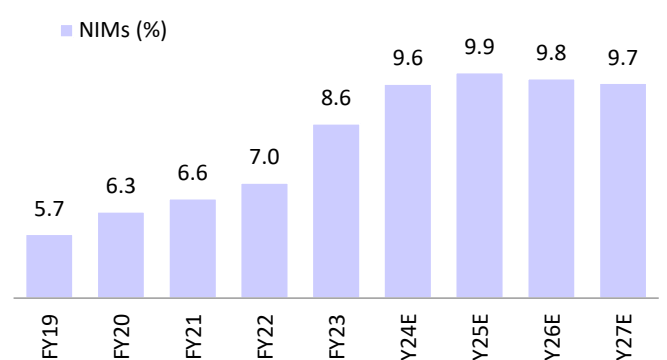
Source: MOFSL, Company

Exhibit 3: Spreads to decline because of the rise in CoF



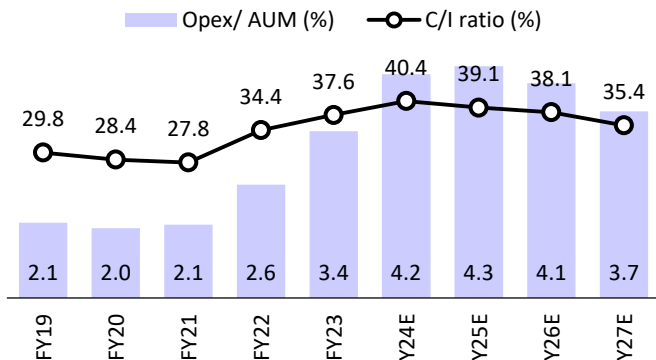
Source: MOFSL, Company

Exhibit 4: NIM expected to moderate driven by product mix



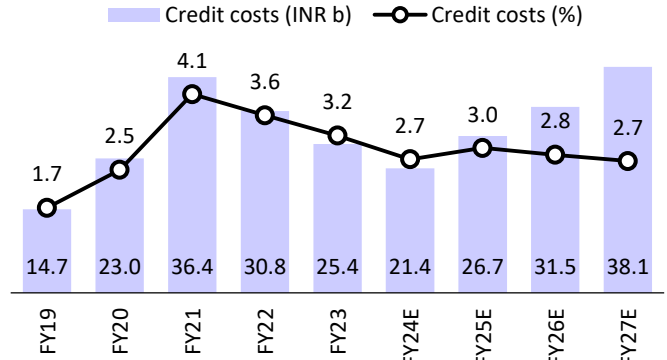
Source: MOFSL, Company

Exhibit 5: Cost ratios to improve, led by better productivity



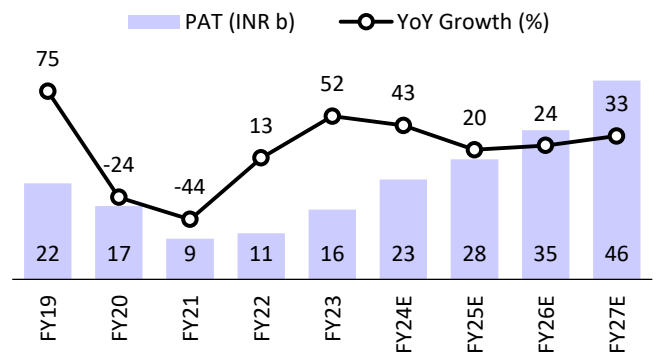
Source: MOFSL, Company

Exhibit 6: Credit costs expected to moderate next year



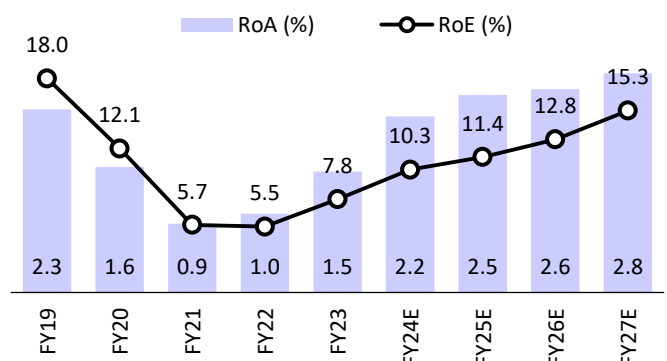
Source: MOFSL, Company

Exhibit 7: Expect PAT CAGR of ~26% over FY24-27E



Source: MOFSL, Company

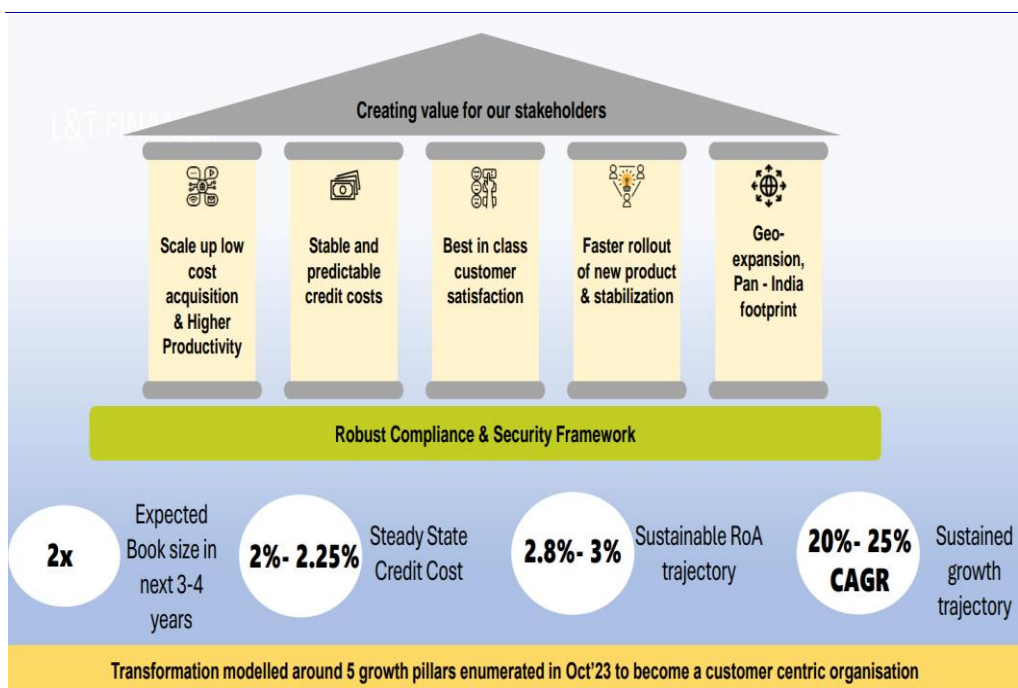
Exhibit 8: ROA/ROE to improve to 2.8%/15% by FY27E

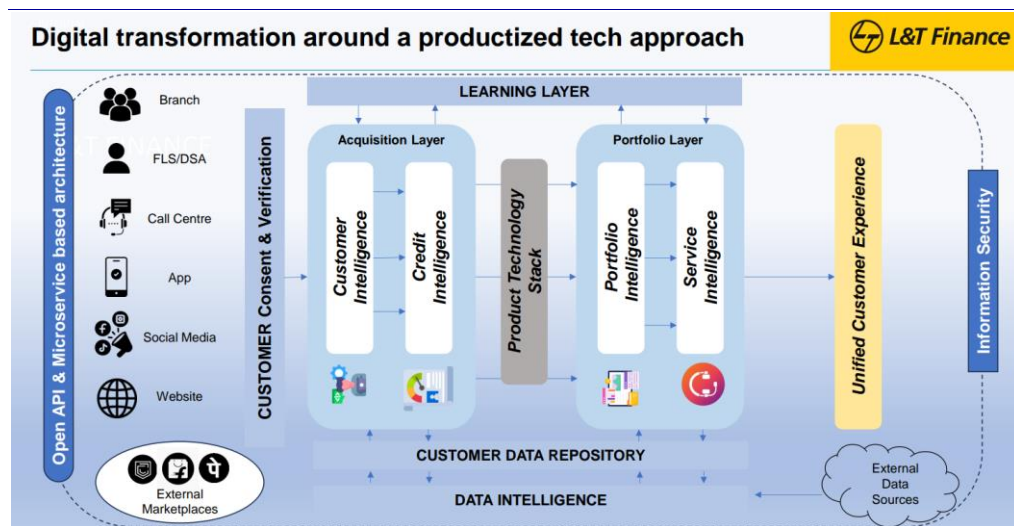


Source: MOFSL, Company

Opening remarks by Mr. Sudipta Roy (MD & CEO)

- LTF has successfully transitioned from a wholesale dominant franchise to a retail diversified NBFC with retailization of 96%, a remarkable growth of 45%.
- The company has broadened its reach, adding over ~5m new customers through a robust distribution framework comprising more than ~28,000 partner touchpoints.
- The company’s digital transformation has been at the core of this transition. LTF launched customer-facing digital channel, PLANET, which is now serving ~13m customers. This transition reflects a shift from fragmented incremental technologies to an integrated and modular product-driven approach.
- LTF has a customer base of over ~25m, including the largest rural footprint among NBFC peers, with over ~16m rural customers. The portfolio reflects an equal distribution between urban and rural markets.
- The company is one of the largest financiers in the JLG segment having served ~11m women entrepreneurs and it is also a leading tractor financier in the country. It has achieved 100% paperless on-boarding across business lines, including Home loans and SME loans.
- LTF has a strong distribution footprint of more than 13,200 distribution touchpoints and 34,000+ employees.
- **LTF aims to double its loan book in the next ~3-4 years while maintaining its credit costs in the range of ~2.0%-2.25%. It will target RoA in the range of ~2.8%-3.0% and a loan CAGR of ~20-25%.**
- Further the company has ramped up brand visibility and thought leadership through 1) multi-channel brand building efforts, 2) integrated marketing campaigns, 3) the 1st edition of marquee AI event ‘RAISE’, and 4) on-boarding Indian cricketer Jasprit Bumrah as the Brand Ambassador.





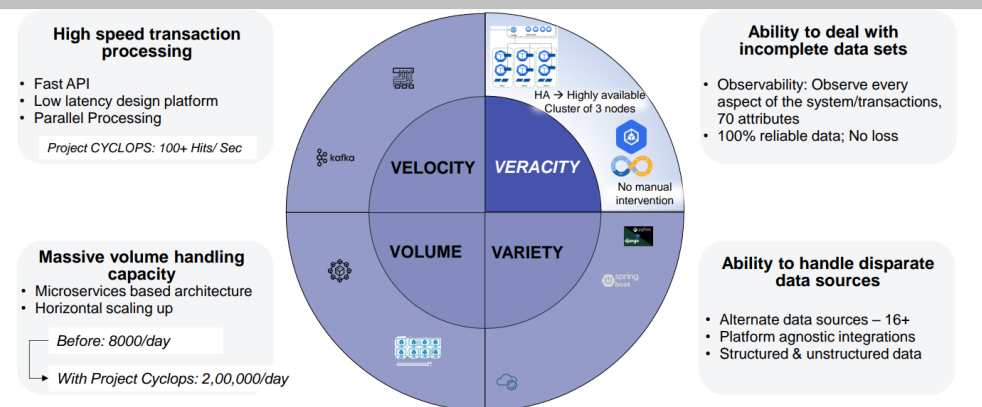
Leading the way in tech transformation

- LTF has shifted from a broad-based model to a vertically integrated model and has launched Project Cyclops, a state-of-the-art credit underwriting system. It is steadily scaling up Cyclops with encouraging results. The company has invested ~INR200m in 1HFY25 on Project Cyclops and expects to incur another INR250m in H2FY25. The total capex for FY25 will be INR1.75b.
- **Customer Intelligence:** The company has a digital partnership ecosystem set up with 50+ fintech firms, video personal discussion for AI-based customer profiling (Business, Stock/ Household/ cropping / spatial data/property), and geo tagging, a route map creation via PLANET app and assisted apps.
- **Credit Intelligence Framework:** LTF's credit intelligence system is built on four core pillars: **Veracity**, **Variety**, **Velocity**, and **Volume**. Variety refers to the ability to manage and integrate diverse data sources. Volume highlights the system's capacity to handle substantial data loads, with Project Cyclops processing up to 200,000 transactions daily. Velocity ensures rapid transaction processing, while Veracity enables effective handling of incomplete or inconsistent data sets.
- **Portfolio Management:** The company has launched Project Nostradamus, a state-of-the-art automated portfolio management engine with predictive risk management.
- **Service Intelligence:** LTF is transforming experiences through automated processes, AI-driven insights and personalization. The company aims to revamp its processes and platforms to deliver predictive and personalized experiences, achieving time savings of 80,000 operational hours over the past year.
- **PLANET:** The company has 13m users on the app offering over 200 services across 12 languages. The company has 1.9m monthly active users. LTF has facilitated disbursements of ~INR17b through the app in 1HFY25.

Credit intelligence – Project Cyclops



Next gen credit underwriting engine aimed at higher approval rates & higher ROA



Rural Business Finance: Tracking better than most of its MFI peers

- In rural finance, LTF offers microfinance, rural group loans and micro LAP (launched in 2023) with book size exceeding ~INR263b. The company serves a captive customer base of ~13m, with an active base of ~6.4m. It is among the leading financiers in JLG industry.
- LTF is driving efficiencies through data and technology:
- In FY18-20, the company launched app-based digital sourcing journey and real-time EMI receipting, trigger-based early warning system for portfolio monitoring, maker-checker workflow introduced through an independent appraisal vertical, and introduced penny-fuzzy checks for authenticating customer a/c details.
- Further, in FY20-22, the company launched instant credit sanction in under one minute, mid-term offers for repeat customers, digital collections via dynamic QR codes on passbooks, and customer liveness checks for recognizing customer legitimacy.
- In FY22-23, LTF launched unified sourcing and collection app, leveraged data to roll out tailor-made pre-approved offers, implemented smart document management system, and inbuilt system calculator for household income assessment.
- In FY23-24, the company achieved 100% paperless customer on-boarding, integrated with multiple technology service providers, adopted geospatial tech and automated route maps for field efficiency to ensure that in the shortest route, the field officer is able to cover maximum customers
- Further in FY24-25, the company has achieved 25% digital collections, introduced DIY journey through the Planet app, implemented customer leverage tracker for risk band categorization and AI for building internal efficiencies.
- The transformative initiatives and technological advancements have led to a significant improvement in login-to-disbursements TAT, reducing from 4.5 days to 2 days. FLO productivity increased to INR1.8m from INR1.5m. Average monthly disbursements increased to INR18b from INR14b.
- The company has also achieved enhancing customer retention with ~67% repeat customer base and ~40% unique customer base.
- The company has restricted sourcing to two external associations even for repeat customers, which is more stringent than MFIN norms. It has strengthened field force to rationalize allocations/reduce APC and introduced

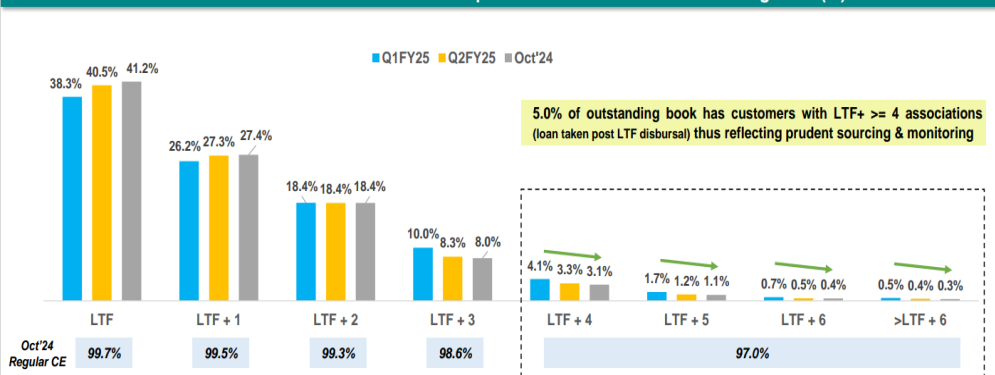
new channel of customer connect, evaluating new geographies to drive new customer addition with reduced leverage and moderated disbursements basis collection thresholds at branch level.

- The company has focused on reducing the number of customers with high leverage (>=4 associations) in its portfolio, which has been reduced from 7% in Jun'24 to 5% in Oct'24.
- LTF has delivered robust CE in a challenging environment. It has strengthened feet-on-street to enhance collections and maintain portfolio quality by 1) rationalizing field loan officer's APC from 540 to 490 to optimize span of control and improve monitoring, 2) improved salary & incentive structure and focusing on employee engagement initiatives to maintain employee morale, 3) reducing attrition levels by 17% from Aug'24 to Oct'24.

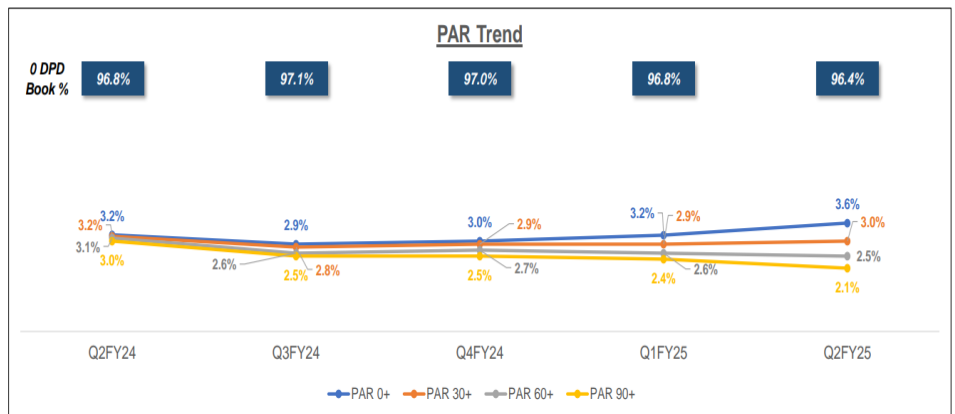
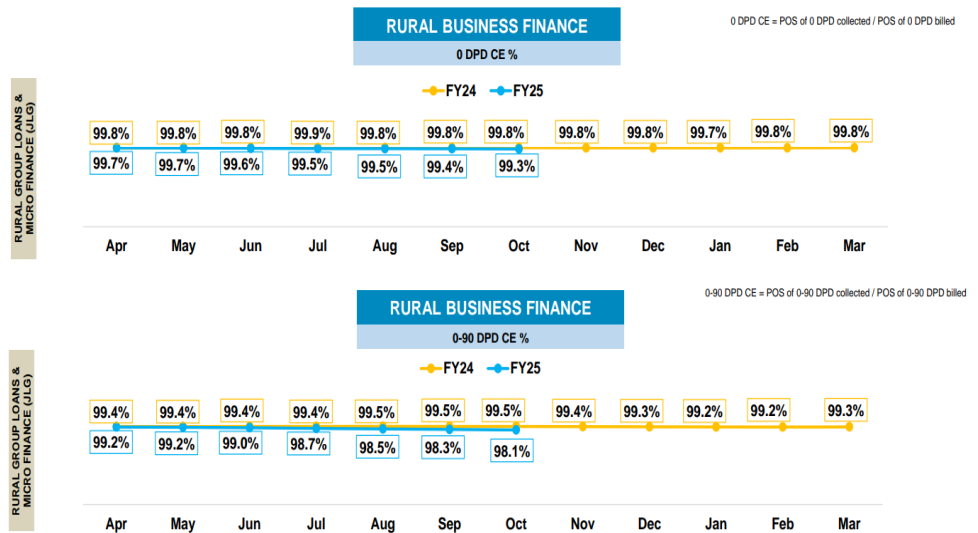
Association wise customer composition at sourcing						
Association	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25	Oct'24
Only LTF	47%	48%	50%	48%	49%	53%
LTF + 1	28%	28%	28%	32%	31%	30%
LTF + 2	19%	19%	17%	19%	20%	17%
LTF + 3	6%	5%	5%	1%	0%	0%
Total	100%	100%	100%	100%	100%	100%

Strong credit guardrails reflecting in stringent association, exposure and DPD norms; aided by dedicated Fresh sourcing vertical (500+ team) to acquire lower leveraged customers

Customer Association on Rural Group Loans & Microfinance outstanding book (%)



- Basis bureau data, borrowers with higher number of associations exhibit higher probability of default
- Over the years, LTF has institutionalized the above insight in form of specific risk guardrails resulting in resilient portfolio metrics as below:
 - ~ 87% of book is LTF + <= 2 external associations; ~95% of book compliant with MFIN guardrails issued in Jul'24

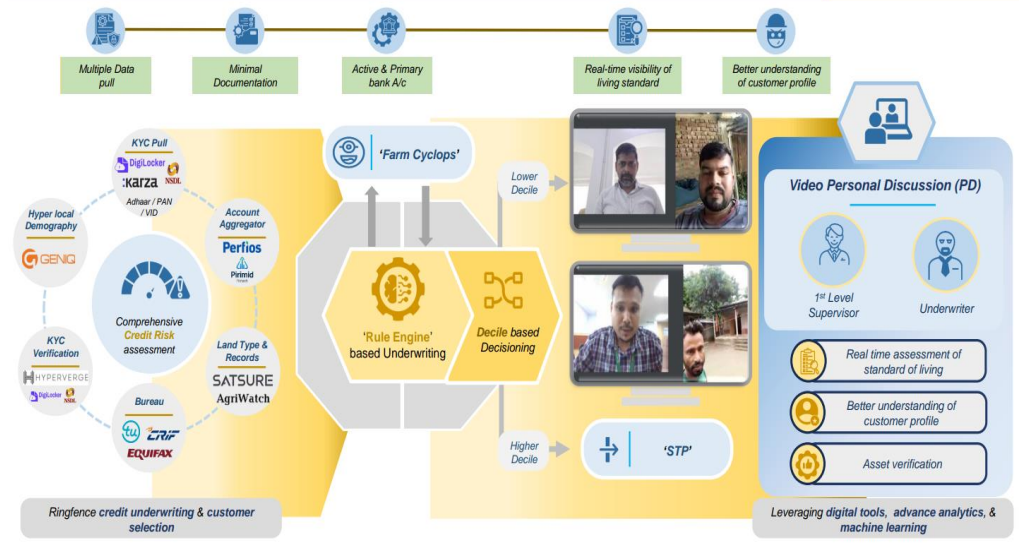


- Transient increase in delinquency observed in Q2'25 due to:
 - ❖ Heavy rainfall and flooding situation in multiple states like Bihar, UP, Gujarat etc.
 - ❖ Localized political disruptions in eastern UP, and reduction in fund flow of government schemes due to elections in select states
- Write offs done in the Q2FY25 – ₹ 236 cr (Q1FY25 at ₹ 89 cr); Slippage in Q2FY25 – ₹ 175 cr (Q1FY25 at ₹ 100 cr)

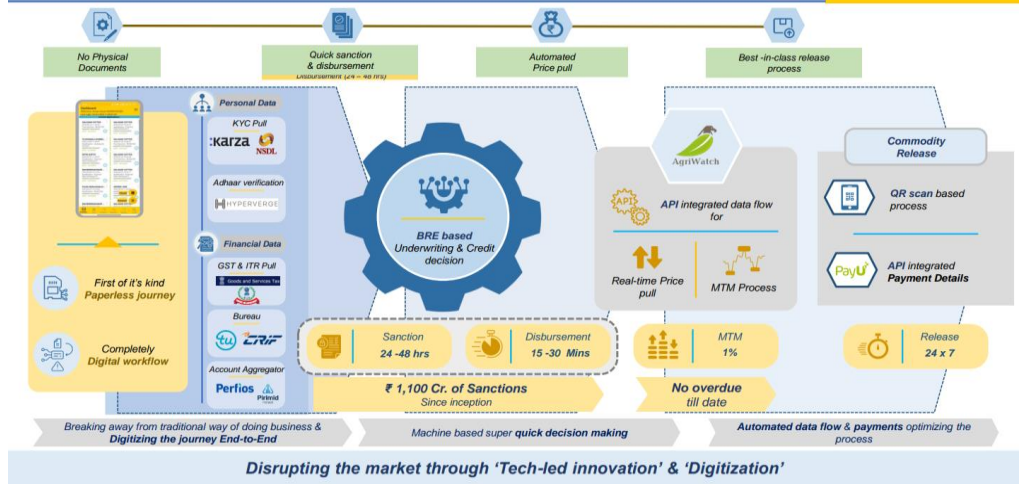
Farmer Finance: Market leader innovating for sustainable growth

- LTF has a strong presence in the tractor finance business across 16 states, with network of over 170 branches and AUM of ~INR150b.
- Like most other vehicle products, Tractors is a Dealer/OEM-relationship driven business. The company is a preferred financier for all major tractor OEMs in the country and has robust network of ~2,500 active dealer relationships.
- The company offers a diverse range of products, including new tractor finance, refinancing, Kisan Suidha loans, and warehouse receipt financing.
- In addition to an analytics-based scorecard for decision-making, the company also monitors other external parameters such as water reservoir levels, rainfall distribution, state fiscal position, farm cash cycle, MSP, crop sowing pattern, and tractor model/other asset variables.
- LTF achieved its highest monthly disbursements to date in the tractor finance business, driven by a 20% increase in productivity, 26% upsell in Kisan Suidha loans, and 26% growth in overall disbursements. **The company has reduced its EMI bounce rates by ~2% and has improved its collection efficiency by ~1.4%.**

Tractor Loan : Interventions aiding to 'Protect' Sourcing Quality



Warehouse Receipt Finance : Innovation led the 'Growth'



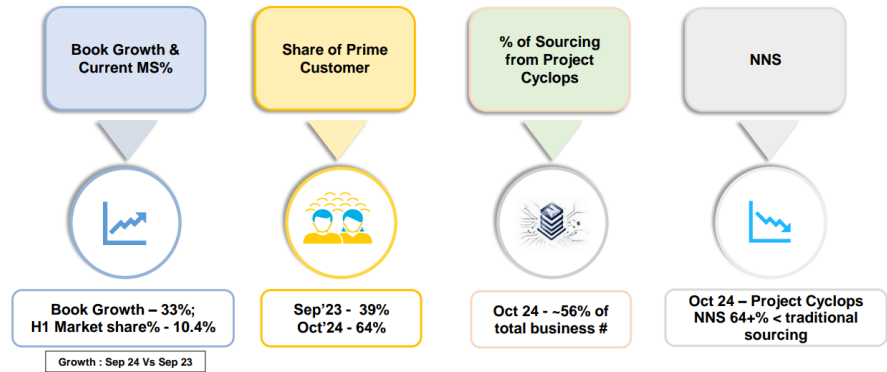
Urban Finance: Digital Evolution at its core

- Under urban finance, LTF offers 2W loans, home loans, LAP and personal loans across ~100 cities/towns via ~150 branches. The portfolio composition is well-diversified, with 52% allocated to home loans and LAP, 31% to 2W loans, and ~17% to personal loans, reflecting a balanced approach to addressing varied urban financial needs.

Two Wheeler Finance

- LTF has achieved a robust CAGR of ~24% in the 2W segment from FY21 to 1HFY25. The growth was driven by the launch of preferred dealer programs (valued partner program), tie-ups with high-end OEM segments (EV, RE), and integration of various API platforms for TAT. The company aims to sustain a growth rate of around ~20% in the future.
- To manage credit costs effectively, LTF has shifted its focus to prime customers. As a result, the share of prime customers increased significantly to ~64% in Oct'24 from 39% in Sep'23.

- The company has launched Project Cyclops in Jun'24 for better customer offers and filtering out high-risk customers. This has resulted in prime share increasing by 10%, LTV by ~3% and ATS by 4%. As of Oct'24, LTF has sourced 56% of the total business from Project Cyclops.

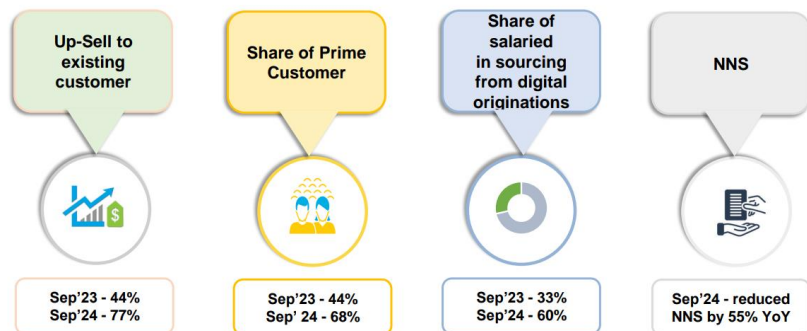


NNS – Net Non-Starter (customers with 3rd EMI Default)

Personal Loans (PL)

- LTF extensively leverages the database of its prime and salaried 2W customers for cross-selling and upselling opportunities.
- The company has embraced digital transformation by implementing a fully autonomous digital journey, offering pre-approved loans to existing customers, and digital integrations with external ecosystems. These advancements have reduced loan sanction times to under two minutes.

Enabling bottom line efficiencies

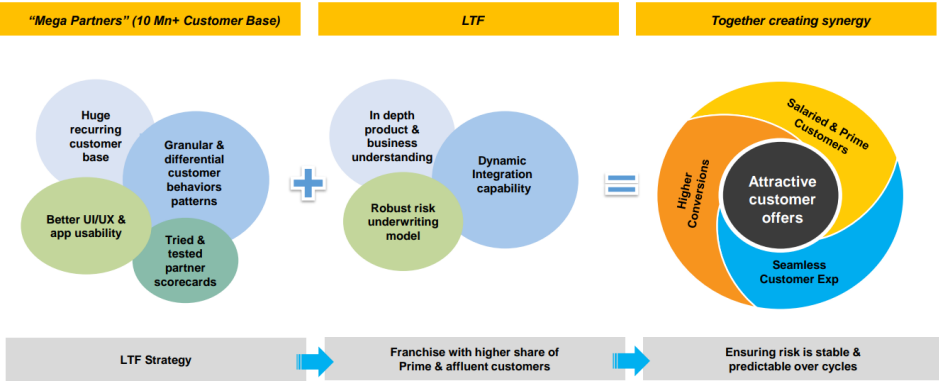


NNS – Net Non-Starter (customers with 1st EMI Default)

Fostering Mega partnerships



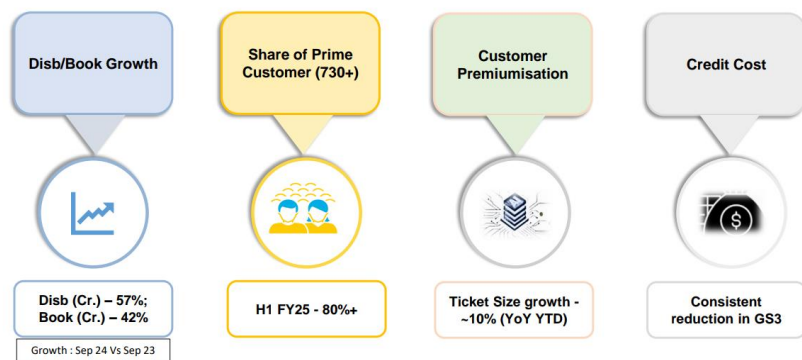
Data-driven Success: Our Journey to enhance customer experience & Upsell through deeper customer insights



Home Loans & LAP

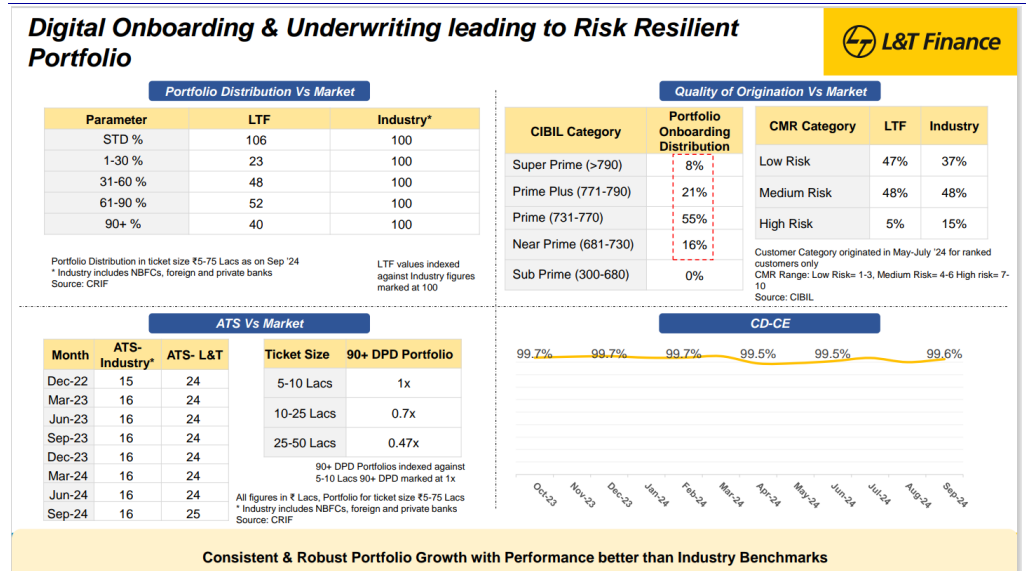
- LTF has implemented a fully digital and 100% paperless E2E loan processing journey, ensuring a seamless and efficient customer experience. TAT for loan sanctioning is just four days.
- The company leverages its existing customer base and advanced technological capabilities to deliver an enhanced customer experience, personalized interactions, and maintain a competitive edge.

Enabling bottom line efficiencies



SME Finance: Scaling up well; expects to add Supply Chain Finance

- After the pilot launch of its SME finance business in Oct'21, this product segment has now expanded geographically to ~110+ locations. SME loan book stood at INR52b as on Sep'24.
- LTF has been making focused efforts toward digitization for the expansion while ensuring quality through digital underwriting and data-backed collection strategies. The company is leveraging digital technologies and data analytics for continuous product Innovation. The share of prime and above customers (CIBIL score of 730 and above) is ~84%, leading to a risk-resilient portfolio.



Financials and Valuation

Income statement								(INR M)	
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Interest Income	1,16,403	1,32,447	1,31,049	1,17,042	1,25,651	1,29,139	1,50,073	1,83,776	2,29,727
Interest Expended	68,600	75,136	71,999	57,494	57,972	53,772	60,802	74,951	93,723
Net Interest Income	47,803	57,311	59,049	59,548	67,679	75,367	89,271	1,08,826	1,36,004
Change (%)	39.8	19.89	3.0	0.8	13.7	11.4	18.4	21.9	25.0
Other Operating Income	13,494	8,594	5,732	6,053	3,569	6,667	15,012	16,150	17,383
Net Operating Income	61,297	65,905	64,782	65,601	71,248	82,034	1,04,283	1,24,976	1,53,386
Change (%)	28.7	7.5	-1.7	1.3	8.6	15.1	27.1	19.8	22.7
Other Income	3,118	3,726	6,276	3,928	5,268	4,745	569	655	753
Net Income	64,415	69,632	71,058	69,529	76,515	86,779	1,04,853	1,25,631	1,54,139
Change (%)	33.7	8.1	2.0	-2.2	10.0	13.4	20.8	19.8	22.7
Operating Expenses	19,215	19,785	19,749	23,946	28,732	35,079	40,970	47,898	54,598
Operating Profits	45,200	49,846	51,309	45,582	47,783	51,701	63,882	77,732	99,542
Change (%)	31.8	10.3	2.9	-11.2	4.8	8.2	23.6	21.7	28.1
Provisions/write offs	14,681	23,046	36,357	30,833	25,404	21,410	26,706	31,520	38,053
PBT	30,520	26,801	14,952	14,750	22,379	30,290	37,177	46,212	61,489
Tax	8,200	9,798	5,463	4,256	6,464	7,119	9,294	11,553	15,372
Tax Rate (%)	26.9	36.6	36.5	28.9	28.9	23.5	25.0	25.0	25.0
PAT before pref dividend	22,320	17,003	9,489	10,494	15,915	23,171	27,882	34,659	46,117
Change (%)	74.7	-23.8	-44.2	10.6	51.7	45.6	20.3	24.3	33.1
Preference Dividend	0	0	0	0	0	0	0	0	0
PAT to equity shareholders (incl. extraordinary items)	22,320	17,003	9,489	10,704	16,216	23,171	27,882	34,659	46,117
Change (%)	75	-24	-44	13	52	43	20	24	33

Balance sheet								(INR M)	
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Equity Share Capital	19,988	20,048	24,695	24,740	24,797	24,889	24,889	24,889	24,889
Reserves & Surplus	1,14,498	1,26,876	1,63,038	1,74,737	1,90,487	2,09,495	2,31,155	2,58,565	2,96,190
Borrowings	9,15,070	9,38,945	8,85,558	8,52,012	8,30,435	7,65,409	9,30,606	11,80,681	14,97,115
Change (%)	21.6	2.6	-5.7	-3.8	-2.5	-7.8	21.6	26.9	26.8
Other liabilities	10,995	9,577	16,427	17,533	17,903	27,383	28,707	30,098	31,558
Total Liabilities	10,60,551	10,95,447	10,89,717	10,69,022	10,63,621	10,27,176	12,15,357	14,94,233	18,49,751
Loans	9,13,246	9,14,625	8,70,303	8,24,694	7,51,546	8,13,594	9,84,768	12,42,822	15,75,910
Change (%)	18.5	0.2	-4.8	-5.2	-8.9	8.3	21.0	26.2	26.8
Investments	86,408	59,793	88,721	1,19,169	1,43,662	1,23,849	1,30,041	1,36,543	1,43,371
Change (%)	63.0	-30.8	48.4	34.3	20.6	-13.8	5.0	5.0	5.0
Net Fixed Assets	11,660	11,621	11,621	5,306	5,573	5,550	5,827	6,119	6,425
Other assets	49,237	1,09,408	1,19,071	1,19,852	1,62,841	84,183	94,720	1,08,748	1,24,046
Total Assets	10,60,551	10,95,447	10,89,717	10,69,022	10,63,621	10,27,176	12,15,357	14,94,233	18,49,751

E: MOFSL Estimates

Financials and Valuation

Ratios	(%)								
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Spreads Analysis (%)									
Avg. Yield on Loans	13.8	14.5	14.7	13.8	15.9	16.5	16.7	16.5	16.3
Avg. Cost-Int. Bear. Liab.	8.2	8.1	7.9	6.6	6.9	6.7	7.2	7.1	7.0
Loan Spreads	5.6	6.4	6.8	7.2	9.1	9.8	9.5	9.4	9.3
NIM on loans	5.7	6.3	6.6	7.0	8.6	9.6	9.9	9.8	9.7
Profitability Ratios (%)									
Int. Expended/Int.Earned	58.9	56.7	54.9	49.1	46.1	41.6	40.5	40.8	40.8
Other Inc./Net Income	25.8	17.7	16.9	14.4	11.5	13.2	14.9	13.4	11.8
Op. Exps./Net Income	29.8	28.4	27.8	34.4	37.6	40.4	39.1	38.1	35.4
Empl. Cost/Op. Exps.	42.9	53.7	51.0	47.5	49.1	51.5	52.9	54.3	55.3
Provisions/PPoP (%)	32.5	46.2	70.9	67.6	53.2	41.4	41.8	40.5	38.2
Asset Quality (%)									
Gross NPAs	55,490	50,370	45,040	35,430	38,320	26,980	27,243	30,649	37,530
Gross NPAs to Adv.	5.9	5.3	5.0	4.2	4.7	3.2	2.7	2.4	2.3
Net NPAs	21,740	20,780	13,770	16,780	11,780	6,610	7,337	7,665	9,475
Net NPAs to Adv.	2.4	2.3	1.6	2.0	1.6	0.8	0.7	0.6	0.6
PCR (%)	60.8	58.7	69.4	52.6	69.3	75.5	73.1	75.0	74.8
ECL/EAD (%)									
Return ratios and Capitalisation (%)									
RoE	18.0	12.1	5.7	5.5	7.8	10.3	11.4	12.8	15.3
RoA	2.3	1.6	0.9	1.0	1.5	2.2	2.5	2.6	2.8
CAR									
Tier I									
Debt to Equity (x)	6.8	6.4	4.7	4.3	3.9	3.3	3.6	4.2	4.7
Average Assets/Equity (x)	7.8	7.7	6.5	5.6	5.1	4.6	4.6	5.0	5.5
VALUATION									
Book Value (INR)	67.3	73.3	76.0	80.6	86.8	94.2	102.9	113.9	129.0
Price-BV (x)	2.1	1.9	1.9	1.7	1.6	1.5	1.4	1.2	1.1
EPS (INR)	11.2	8.5	3.8	4.3	6.5	9.3	11.2	13.9	18.5
EPS Growth YoY	74.4	-24.1	-54.7	12.6	51.2	42.4	20.3	24.3	33.1
Price-Earnings (x)	12.6	16.6	36.7	32.6	21.6	15.1	12.6	10.1	7.6
Dividend per share (INR)	1.0	0.9	0.0	0.5	2.0	2.5	2.9	3.4	4.1
Dividend yield (%)	0.7	0.6	0.0	0.4	1.4	1.8	2.1	2.4	2.9

E: MOFSL Estimates

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NEUTRAL	> - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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