13 July 2026

1QFY27 Result Update| Sector: NBFCs

L&T Finance

Estimate changes	↑
TP change	↑
Rating change	↔

Bloomberg	LTF IN
Equity Shares (m)	2503
M.Cap.(INRb)/(USDb)	813.6 / 8.5
52-Week Range (INR)	339 / 194
1, 6, 12 Rel. Per (%)	15/18/62
12M Avg Val (INR M)	1993

Financials Snapshot (INR b)

Y/E March	FY26	FY27E	FY28E
Total Income	99.0	124.6	151.5
PPP	67.4	86.9	106.2
PAT	29.8	39.9	50.2
EPS (INR)	11.9	15.9	20.0
EPS Gr. (%)	12.3	33.7	25.9
BV/Sh. (INR)	112	125	141
Ratios			
NIM (%)	9.4	9.5	9.3
C/I ratio (%)	39.8	38.1	37.3
RoAA (%)	2.3	2.5	2.6
RoE (%)	11.1	13.5	15.1
Payout (%)	23.1	25.0	25.0
Valuation			
P/E (x)	27.2	20.4	16.2
P/BV (x)	2.9	2.6	2.3
Div. Yield (%)	0.8	1.2	1.5

Shareholding pattern (%)

As of	Jun-26	Mar-26	Jun-25
Promoter	66.0	66.0	66.2
DII	14.9	14.9	14.1
FII	7.7	7.6	6.2
Others	11.4	11.5	13.5

FII includes depository receipts

CMP: INR325 TP: INR380 (+17%) Buy

Strong quarter backed by disciplined execution

Earnings in line; NIM + fees stable QoQ despite some pressure on core NIM

- L&T Finance's (LTF) 1QFY27 PAT grew 29% YoY to INR9b (in line) and NII grew ~28% YoY to INR29.2b (in line).
- Opex grew ~21% YoY to ~INR12.7b (in line). The cost-income ratio declined 100bp QoQ to 38.7% (PQ: 39.7%). PPoP (5% beat) grew 27% YoY to INR20.1b. Credit costs stood at INR7.7b (in line). Reported credit costs declined ~10bp QoQ to 2.54% (PQ: 2.64%).
- LTF outlined three key strategic priorities for FY27: (i) accelerating cross-selling and up-selling, (ii) improving productivity, and (iii) embedding a technology-first, AI-led culture across the organization.
- Management shared that the company had consciously forgone incremental disbursements of ~INR10b-12b during the quarter to calibrate asset quality amid a volatile operating environment and to prioritize sustainable long-term profitability over near-term growth. LTF shared that rural business finance, gold loans and personal loans will remain the key growth engines over the medium term. It plans to open 500 new gold loan branches in FY27.
- We remain constructive on LTF, as the company continues to execute well on its Lakshya 2031 strategy while differentiating itself through a technology and AI-led lending platform. With multiple growth levers, improving franchise quality and a roadmap toward higher profitability, it remains well positioned for a further re-rating in valuation multiples.
- We estimate a CAGR of ~25% in the loan book and ~30% in PAT over FY26-FY28E, with consolidated RoA/RoE of 2.6%/~15% in FY28E. We expect LTF to deliver a structural improvement in profitability and RoA going forward. **Reiterate BUY with a TP of INR380 (based on 2.7x Mar'28E BVPS).**

Retail loans grow 28% YoY; strong momentum all across

- Disbursements grew 36% YoY to INR238b. Secured disbursements grew ~40% YoY to INR30b, led by 2W finance. Gold finance disbursements stood at INR19.3b. Personal loan disbursements stood at INR43.8b with an increased focus on Big Tech partnerships. Rural business finance disbursements increased 24% YoY to INR69.6b.
- Total loan book grew ~27% YoY and ~6.5% QoQ to ~INR1.3t. Wholesale loans declined to ~INR21b. Retail assets contributed ~98% to the loan mix. Retail loans grew ~28% YoY, led by healthy growth in MFI, 2W, LAP and personal loans. Personal loans saw robust growth of 15% QoQ and 80% YoY. Rural business loans (MFI) grew 5% QoQ, Gold loans grew 35% QoQ and SME rose 4% QoQ.

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NIM + fees remained stable sequentially; WACC (reported) up ~3bp QoQ

- Reported NIMs declined ~25bp QoQ to 8.55%. However, reported NIMs +Fees were stable QoQ at ~10.5%. Spreads (calc.) expanded ~15bp QoQ to ~8.6%. Yields (calc.) rose ~60bp QoQ to ~15.6%, while CoF (calc.) increased ~40bp QoQ to 7%. Reported yields were broadly stable QoQ at 14.8%. CoB rose ~3bp QoQ to 7.2% (PQ: 7.17%).
- Management attributed the decline in core NIMs to a) higher leverage, b) a marginal increase in borrowing costs, and c) elevated liquidity maintained during the quarter amid a volatile and uncertain geopolitical environment.
- Despite the decline in core NIMs, NIMs + Fee income remained stable QoQ, supported by higher treasury income from surplus liquidity deployed during the quarter and an improvement in fee income.
- The company is also developing an AI-led payments platform to diversify its fee income, with meaningful revenue contribution expected over the next two to three years. The company continued to guide for NIMs+fees to remain in the range of 10.0-10.5%. We estimate NIMs (calc.) of 9.5%/9.3% in FY27/FY28E.

Asset quality broadly stable; retail GS3 declines ~5bp QoQ

- Consol. GS3 was broadly stable QoQ at ~2.85%, while NS3 declined ~5bp QoQ to ~0.9%. PCR rose ~175bp QoQ to ~69.6%. Retail GS3 declined 5bp QoQ to 2.48%.
- Management remains confident of further improvement in asset quality as newer portfolios season and AI-led underwriting capabilities mature further. The company expects credit costs to continue to moderate and decline to <2% over the Lakshya 5-year period. We expect credit costs for LTF to decline gradually from ~2.6% in FY26 to ~2.3% in FY28E.

Highlights from management commentary

- The company is selectively utilizing CGFMU and CGTMSE credit guarantee schemes for identified customer segments rather than the entire portfolio, with coverage focused on higher-risk cohorts in Microfinance and SME lending to enhance portfolio protection while optimizing guarantee costs.
- Management remained cautious in SME lending during the quarter amid geopolitical uncertainty in West Asia, selectively moderating disbursements across certain sectors and customer segments.

Valuation and view

- LTF's 1QFY27 earnings were broadly in line, supported by strong disbursements, leading to healthy retail loan growth. Asset quality remained broadly stable, leading to a sequential moderation in credit costs. Despite an uncertain geopolitical environment and elevated bond yields during the quarter, CoF and NIMs + fees remained largely stable.
- LTF currently trades at 2.6x FY27E P/B. We estimate a CAGR of ~25% in the loan book and ~30% in PAT over FY26-28E, with consolidated RoA/RoE of 2.6%/15% in FY28E. We expect LTF to deliver a structural improvement in profitability and RoA going forward. **Reiterate BUY with a TP of INR380 (based on 2.7x Mar’28E BVPS).**

Quarterly performance (INR M)

Y/E March	FY26				FY27E				FY26	FY27E	1Q FY27E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	39,145	40,374	42,401	44,240	48,949	51,543	54,121	57,001	1,66,160	2,11,614	47,072	4
Interest Expenses	16,357	16,343	17,030	17,470	19,701	20,981	22,429	23,914	67,201	87,025	18,833	5
Net Interest Income	**22,788**	**24,031**	**25,371**	**26,770**	**29,248**	**30,562**	**31,692**	**33,087**	**98,959**	**1,24,589**	**28,239**	**4**
Change YoY (%)	8.4	10.3	13.4	24.5	28.4	27.2	24.9	23.6	14.2	25.9	23.9	
Other Operating Income	3,451	2,983	3,382	3,470	3,180	3,720	3,930	4,375	12,977	15,205	3,300	-4
Net Operating Income	**26,238**	**27,015**	**28,753**	**30,240**	**32,429**	**34,282**	**35,622**	**37,462**	**1,11,936**	**1,39,794**	**31,539**	**3**
Change YoY (%)	7.8	6.2	13.7	24.8	23.6	26.9	23.9	23.9	12.8	24.9	20.2	
Other income	0	0	32	1	304	152	76	6	34	538	5	5,859
Total Income	**26,239**	**27,015**	**28,785**	**30,241**	**32,732**	**34,434**	**35,698**	**37,468**	**1,11,970**	**1,40,332**	**31,544**	**4**
Change YoY (%)	7.8	6.0	13.5	24.6	24.7	27.5	24.0	23.9	12.6	25.3	20.2	
Operating Expenses	10,486	10,680	11,350	12,013	12,668	13,030	13,507	14,238	44,529	53,442	12,426	2
Change YoY (%)	8.6	11.5	7.3	19.7	20.8	22.0	19.0	18.5	11.8	20.0	18.5	
Operating Profits	**15,753**	**16,335**	**17,435**	**18,228**	**20,064**	**21,404**	**22,191**	**23,230**	**67,440**	**86,889**	**19,118**	**5**
Change YoY (%)	7.3	2.7	18.0	28.0	27.4	31.0	27.3	27.4	13.2	28.8	21.4	
Provisions	6,320	6,446	7,513	7,489	7,701	8,092	8,311	8,573	27,459	32,678	7,730	0
Profit before Tax	**9,432**	**9,889**	**9,922**	**10,739**	**12,363**	**13,312**	**13,880**	**14,656**	**39,982**	**54,212**	**11,388**	**9**
Tax Provisions	2,424	2,540	2,542	2,648	3,203	3,301	3,470	3,579	10,153	13,553	2,676	20
Profit after tax (Pre-NCI)	**7,008**	**7,349**	**7,380**	**8,092**	**9,160**	**10,011**	**10,410**	**11,078**	**29,829**	**40,659**	**8,712**	**5**
Non-controlling interest (NCI)	-3	0	-6	25	135	180	220	265	17	800	-	
Profit after tax (Post-NCI)	**7,011**	**7,348**	**7,386**	**8,066**	**9,025**	**9,831**	**10,190**	**10,813**	**29,812**	**39,859**	**8,712**	**4**
Change YoY (%)	2	6	18	27	29	34	38	34	13	34	28.7	
Key Operating Parameters (%)												
Rep. Net Income (% of Avg Assets)	10.22	10.22	10.41	10.47	10.47							
Rep. Cost of funds (%)	7.68	7.32	7.25	7.17	7.20							
Cost to Income Ratio	40.0	39.5	39.4	39.7	38.7							
Rep Credit Cost	2.23	2.41	2.83	2.64	2.54							
Tax Rate	25.7	25.7	25.6	24.7	25.9							
Balance Sheet Parameters												
Gross Customer Assets (INR B)	1,023	1,071	1,143	1,217	1,296							
Change YoY (%)	15.3	15.1	20.1	24.5	26.7							
Borrowings (INR B)	938	977	1,026	1,099	1,154							
Change YoY (%)	16.8	15.1	19.0	19.1	23.1							
Customer Assets /Borrowings (%)	109	110	111	111	112							
Asset Quality Parameters (%)												
GS 3 (INR B)	33.9	35.2	36.5	35.1	37.0							
Gross Stage 3 (%)	3.30	3.29	3.19	2.88	2.86							
NS 3 (INR B)	9.9	10.5	10.2	11.5	11.4							
Net Stage 3 (%)	0.96	0.98	0.92	0.96	0.90							
PCR (%)	70.8	70.3	71.9	67.3	69.3							
Return Ratios (%)												
ROAA	2.4	2.4	2.4	2.4	2.5							
ROAE	10.9	11.3	11.1	11.7	12.7							

E: MOFSL Estimates

CONFERENCE CALL

Highlights from the management commentary

Guidance

- Loan book CAGR target of 20%+ under Lakshya 2031 remains unchanged.
- Gold loans, rural business finance and personal loans remain the key growth engines over the medium term.
- Gold finance expansion remains a key focus, with a target of adding around 500 new branches during FY27.
- RoA target of 2.8% by 4QFY27 remains intact.
- Long-term RoA target of 3.0-3.2% continues to be driven by: Lower legacy portfolio drag (~20bp), Lower credit costs and improved collections (30-40bp), Operating leverage/technology-led productivity gains and Cross-selling and business mix improvements.
- Credit costs are expected to continue moderating toward below 2% over the Lakshya period.
- Management remains confident of further improvement in asset quality as newer portfolios season and AI-led underwriting capabilities mature further.
- Cost of funds is expected to increase by 5-7bp in 2QFY27, with the full-year FY27 CoF projected to rise marginally by 4-5bp to around ~7.35–7.40%.

Strategic Priorities for FY27

- Management outlined three strategic priorities for FY27: a) Driving cross-sell and up-sell opportunities, b) Improving organisational productivity and c) Embedding a technology-first and AI-led culture across the organisation.
- Cross-sell opportunity remains significant. With a customer base exceeding 30m, management sees substantial opportunity to deepen customer relationships through cross-selling across multiple lending products.
- The company is developing a proprietary AI-based cross-sell framework to improve customer identification, origination and fulfilment.
- Customised productivity dashboards are being deployed across business verticals to improve frontline productivity.

NIMs, fee income and Funding

- The company is building an AI-led payments platform to diversify fee income. Initial focus will remain on servicing existing customers and reducing internal payment costs before expanding into higher-value AI-enabled payment solutions.
- Meaningful contribution from payments is expected over the next two to three years.
- Core NIMs declined by 25bp QoQ to 8.54% during 1QFY27. Portfolio yields remained largely stable, increasing by only 1bp.
- Debt-to-equity increased by around 0.24x, resulting in modest pressure on NIMs, while WACC increased by only 3bp.
- Higher borrowings were undertaken to support growth and maintain higher liquidity amid geopolitical uncertainty.
- Surplus liquidity generated additional treasury income, which was recognised under other income, although interest expenses also increased due to higher borrowings.

- Liquidity buffers will continue to be calibrated depending on market conditions. Management expects RBI's liquidity measures to support funding availability through PSL, domestic borrowings and international funding.
- Cost of funds is expected to increase by around 5-7bp during 2QFY27, while FY27 CoF is expected to remain in the 7.35-7.40% range.
- Consolidated NIM plus fee income improved to 10.47% during 1QFY27 compared with 10.22% in 1QFY26.

AI Investments

- Cyclops has been operational in the 2W Finance business for nearly two years and has underwritten a portfolio exceeding INR120b while delivering superior credit outcomes.
- The platform is currently operational across 2W Finance, Personal Loans and Small Business Loans. Rollout across Rural Business Finance and Mortgage businesses is expected during FY27.
- Nostradamus is currently operational across 2W Finance and Personal Loans. The platform will be extended to Rural Business Finance, SME and Farm Finance during FY27 to strengthen portfolio monitoring and risk management.
- LTF continues to expand its AI ecosystem through multiple proprietary platforms including: Helios: AI-based underwriting, Orion: Portfolio analytics, Argus: Fraud detection, Kenyan: Gold loan origination platform and Hercules: AI-led customer servicing and cross-selling platform, targeted for rollout by 3QFY27.
- RoA improvement is expected to be driven through cross-selling, lower acquisition costs, stronger credit outcomes and AI-led operating efficiencies.
- Technology-led efficiencies are expected to moderate employee addition and operating expenses over the longer term, with larger benefits expected from FY29 onwards.
- The company has invested around INR370m in Project Cyclops and INR330m in Project Nostradamus. Quarterly IT expenditure currently stands at around INR1b-1.2b.

Business performance

Gold Loan Expansion

- The company plans to open approximately 500 new Gold Loan branches during FY27 to strengthen its presence in the segment.
- Industry-wide gold loan origination slowed during April following the implementation of new RBI guidelines.
- Business volumes improved sequentially during May and June.
- Management expects further improvement in gold loan disbursements during 2QFY27.

Personal Loans

- Personal loan growth remained robust, driven by disciplined execution through large digital partners including CRED, Google Pay, PhonePe and Amazon.
- The company continues to improve customer journey and reduce friction across digital origination channels. Focus remains on salaried borrowers with high-quality customer acquisition.

- Project Cyclops is being increasingly embedded into digital underwriting. Nostradamus has also been implemented in Personal Loans.
- Average ticket size remains around INR260k-280k, with no exposure to small-ticket personal loans.
- Individual scorecards are developed separately for each digital partner depending on customer cohorts.
- Gross non-starters remain below 3%, while net non-starters are currently at their lowest levels over the past few quarters.

SME Business

- Management adopted a cautious approach in SME lending during the quarter owing to geopolitical uncertainty in West Asia.
- Disbursements were selectively reduced across certain sectors and customer cohorts.

Tractor Finance

- Tractor disbursements remained soft during 1QFY27 due to delayed monsoon activity.
- Management expects demand to improve during July and August.
- Asset quality remains healthy, with continued decline in Net Stage 3 assets.

Others

- Gold loans, Rural Business Finance and Personal Loans remain the company's key growth engines given their superior yield profile.
- Although the mix of Rural Business Finance may gradually decline as other businesses scale faster, management does not intend to moderate growth in the segment.
- Collection efficiency in Rural Business Finance remains strong at 99.8%.
- The diversified product mix provides sufficient flexibility to maintain portfolio yields within the targeted 10.0-10.5% range.

Financial Performance

- Strong disbursement momentum was driven by granular distribution expansion, strengthening of digital acquisition capabilities, branch expansion, implementation of Project Cyclops and tighter risk guardrails.
- Credit cost moderated further to 2.54%, improving by another 10bp, supported by AI-led portfolio management and robust collection efficiency.
- The company consciously forgone ~INR10b-12b of incremental disbursements during the quarter to maintain portfolio quality amid a volatile operating environment.
- While this resulted in a marginal sacrifice in growth, management believes the approach will support sustainable long-term profitability.

Macro

- Management remains constructive on the overall macro environment, supported by healthy urban and rural demand despite delayed monsoon. Healthy reservoir levels reduce the risk from a potential El Niño impact.

- The microfinance industry has deleveraged meaningfully over the past year, reducing the probability of another severe credit cycle.
- Around 70% of the country received normal-to-above-normal rainfall during July, while the cumulative monsoon deficit narrowed to 14% below the long-period average.
- Rural demand continues to remain healthy, aided by government spending and a sustained policy focus on the rural economy.

Lakshya 2031 Strategy

- LTF remains on track towards its long-term objective of delivering over 20% CAGR, with current AUM growth of 27% significantly ahead of the targeted trajectory.
- Strong disbursement growth was witnessed across both secured and unsecured businesses.
- Project Cyclops continues to support underwriting across business segments and is currently being rolled out in the Rural Business Finance vertical, with full implementation expected by FY27.
- Collection efficiency remained strong, with the Rural Business Finance portfolio largely normalising to pre-stress levels, providing confidence to accelerate growth within defined risk guardrails.
- Management reiterated its long-term target of reducing credit cost to below 2% over the Lakshya period through stronger underwriting, collections and portfolio monitoring.
- Management continues to work towards achieving 2.8% RoA by 4QFY27, as communicated earlier.

Credit Guarantee Utilisation

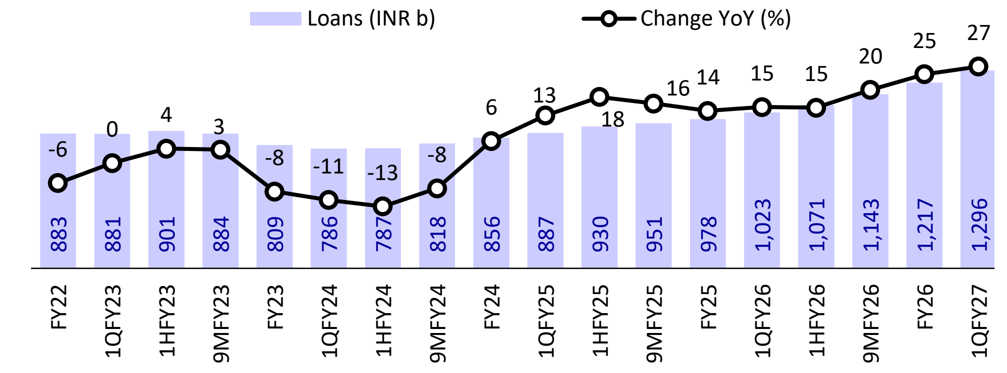
- The company is selectively using CGFMU and CGTMSE guarantees rather than applying them across the entire portfolio.
- In microfinance, guarantee coverage is primarily used for new-to-credit borrowers, customers located in event-risk geographies and other vulnerable customer segments.
- In SME lending, guarantee coverage is focused on relatively higher-risk customer cohorts identified through the Cyclops underwriting engine.
- Management's objective is to maximise portfolio protection while minimising the incremental cost associated with guarantee coverage.

Others

- Increase in Stage 3 assets was attributable to a previously anticipated settlement transition, with no further material impact expected.
- Remaining legacy assets continue to remain standard.
- PCR on Security Receipts improved from 58% to 68% owing to higher recoveries and additional provisioning buffers.
- Recoveries from legacy wholesale assets are expected over the next 2-3 years.
- Any excess recoveries from ARC resolutions will be utilised to create macro-prudential provisions rather than recognising gains in the P&L.

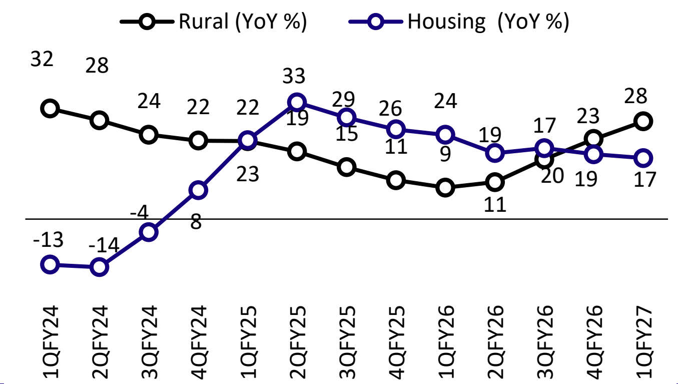
Key exhibits

Exhibit 1: Loan book grew 27% YoY/6.5% QoQ



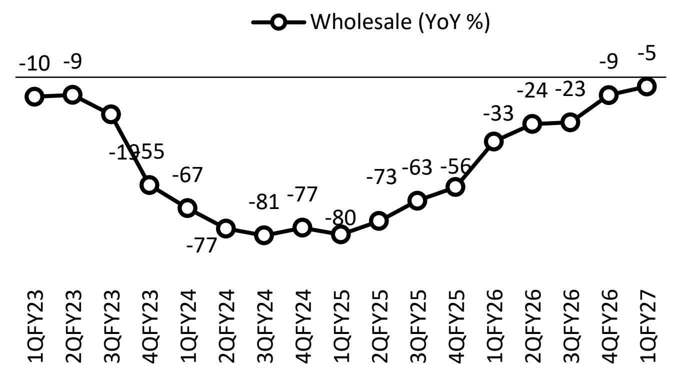
Source: MOFSL, Company

Exhibit 2: Housing finance book (including wholesale RE) grew ~17% YoY



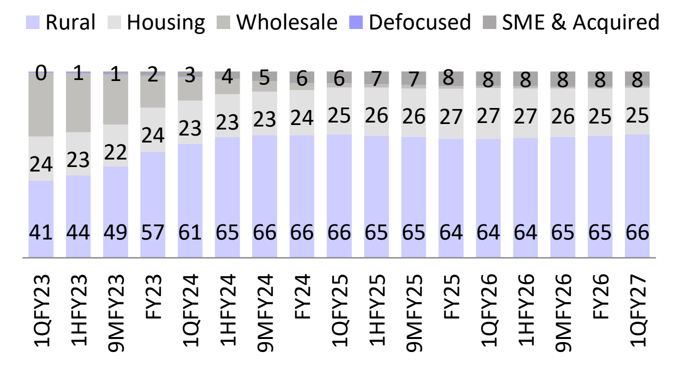
Source: MOFSL, Company

Exhibit 3: Wholesale book declined 5% YoY



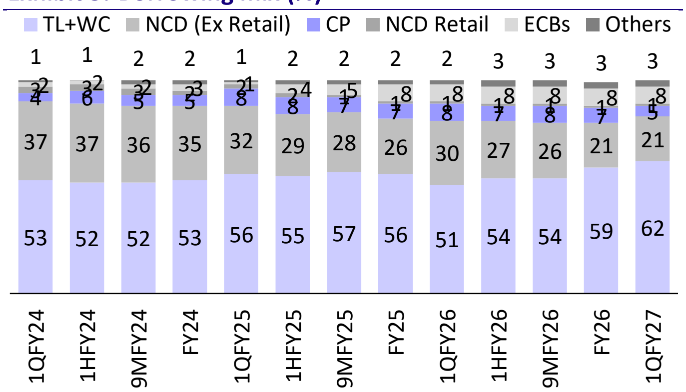
Source: MOFSL, Company

Exhibit 4: Rural finance in the loan mix rose QoQ



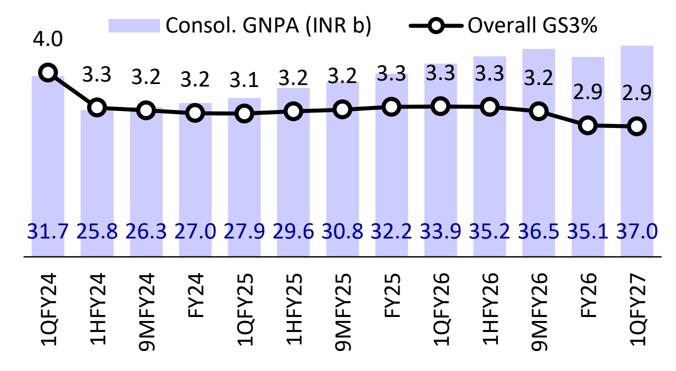
Source: MOFSL, Company

Exhibit 5: Borrowing mix (%)



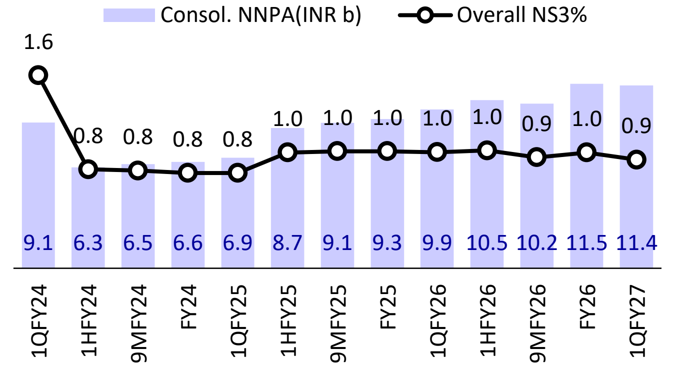
Source: MOFSL, Company

Exhibit 6: GS3 was stable QoQ (%)



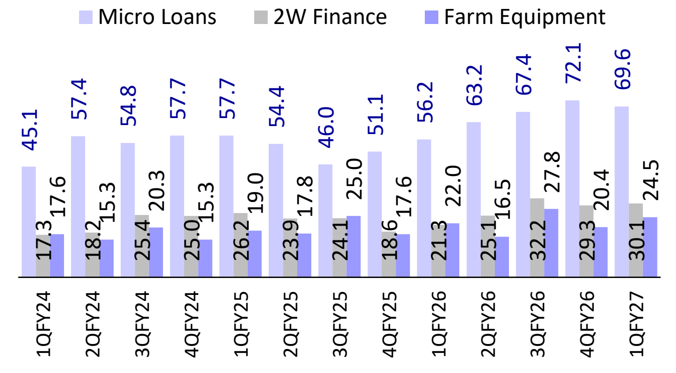
Source: MOFSL, Company

Exhibit 7: NS3 declines ~5bp QoQ (%)



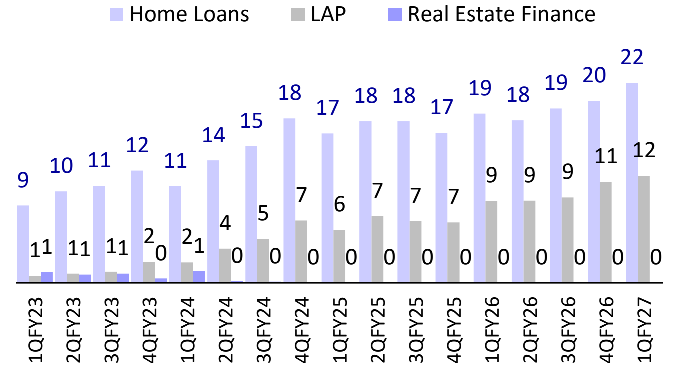
Source: MOFSL, Company

Exhibit 8: Micro loan disbursements improved YoY (INR b)



Source: MOFSL, Company

Exhibit 9: Home loan disbursements improved QoQ (INR b)

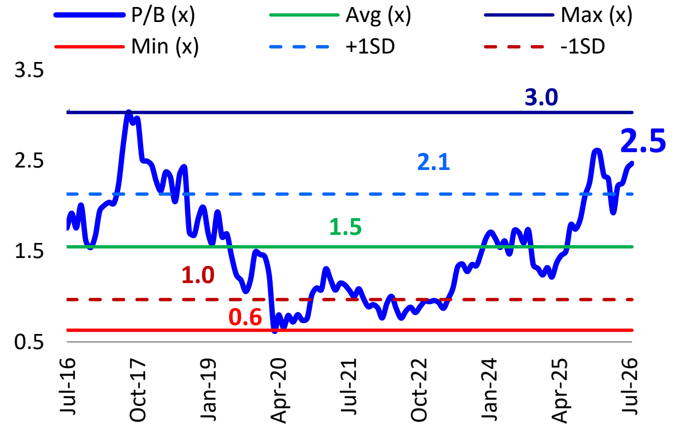


Source: MOFSL, Company

Exhibit 10: We increase our FY27/FY28 EPS estimates by 3% each to factor in slightly higher loan growth

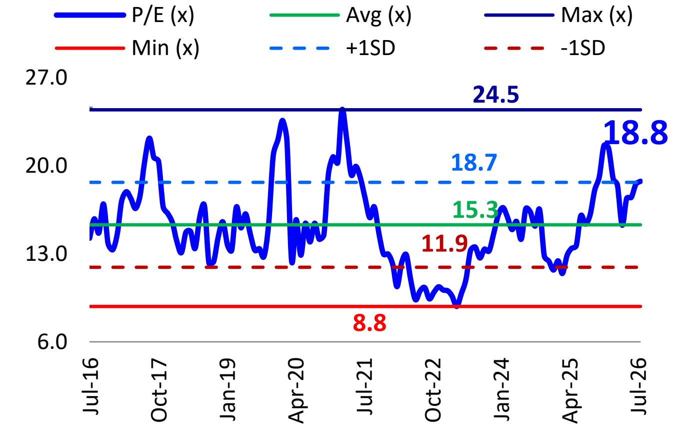
INR b	Old estimates		New estimates		% Change	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Total Income	**138.3**	**165.9**	**140.3**	**169.4**	**1.5**	**2.1**
Operating Expenses	53.4	63.2	53.4	63.2	0.0	**0.0**
Operating Profits	**84.8**	**102.7**	**86.9**	**106.2**	**2.4**	**3.4**
Provisions	32.8	36.9	32.7	37.7	-0.4	**2.3**
PBT	**52.0**	**65.9**	**54.2**	**68.5**	**4.2**	**4.0**
Tax	12.6	16.0	13.6	17.1	7.2	**7.0**
PAT	**38.6**	**48.7**	**39.9**	**50.2**	**3.3**	**3.1**
Loan book	1,447	1,759	1,457	1,794	0.7	**2.0**
Borrowings	1,380	1,676	1,377	1,690	-0.2	**0.8**

Exhibit 11: One-year forward P/B



Source: MOFSL, Company

Exhibit 12: One-year forward P/E



Source: MOFSL, Company

Financials and Valuation

Income statement

(INR M)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Interest Income	1,31,049	1,17,042	1,25,651	1,29,139	1,46,633	1,66,160	2,11,614	2,60,423
Interest Expended	71,999	57,494	57,972	53,772	59,968	67,201	87,025	1,08,879
Net Interest Income	**59,049**	**59,548**	**67,679**	**75,367**	**86,665**	**98,959**	**1,24,589**	**1,51,543**
Change (%)	3.0	0.8	13.7	11.4	15.0	14.2	25.9	21.6
Other Operating Income	5,732	6,053	3,569	6,667	12,610	12,977	15,205	17,694
Net Operating Income	**64,782**	**65,601**	**71,248**	**82,034**	**99,275**	**1,11,936**	**1,39,794**	**1,69,237**
Change (%)	-1.7	1.3	8.6	15.1	21.0	12.8	24.9	21.1
Other Income	6,276	3,928	5,268	4,745	167	34	538	161
Net Income	**71,058**	**69,529**	**76,515**	**86,779**	**99,442**	**1,11,970**	**1,40,332**	**1,69,399**
Change (%)	2.0	-2.2	10.0	13.4	14.6	12.6	25.3	20.7
Operating Expenses	19,749	23,946	28,732	35,079	39,846	44,529	53,442	63,176
Operating Profits	**51,309**	**45,582**	**47,783**	**51,701**	**59,597**	**67,440**	**86,889**	**1,06,222**
Change (%)	2.9	-11.2	4.8	8.2	15.3	13.2	28.8	22.3
Provisions/write offs	36,357	30,833	25,404	21,410	24,684	27,459	32,678	37,714
PBT	**14,952**	**14,750**	**22,379**	**30,290**	**34,913**	**39,982**	**54,212**	**68,508**
Tax	5,463	4,256	6,464	7,119	8,478	10,153	13,553	17,127
Tax Rate (%)	36.5	28.9	28.9	23.5	24.3	25.4	25.0	25.0
PAT (Pre-NCI)	**9,489**	**10,494**	**15,915**	**23,171**	**26,434**	**29,829**	**40,659**	**51,381**
Change (%)	-44.2	10.6	51.7	45.6	14.1	12.8	36.3	26.4
Non-controlling interest	0	210	301	-30	-2	17	800	1,200
PAT to equity shareholders (post-NCI)	**9,489**	**10,494**	**15,915**	**23,201**	**26,437**	**29,812**	**39,859**	**50,181**
Change (%)	-44	11	52	46	14	13	34	26
Proposed Dividend	**0**	**1,237**	**4,959**	**6,222**	**6,861**	**6,887**	**9,965**	**12,545**

Balance sheet

(INR M)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Equity Share Capital	24,695	24,740	24,797	24,889	24,949	25,044	25,044	25,044
Reserves & Surplus	1,63,038	1,74,737	1,90,487	2,09,495	2,30,692	2,54,791	2,87,763	3,27,979
Borrowings	**8,85,558**	**8,52,012**	**8,30,435**	**7,65,409**	**9,22,469**	**10,98,877**	**13,76,948**	**16,90,072**
Change (%)	-5.7	-3.8	-2.5	-7.8	20.5	19.1	25.3	22.7
Other liabilities	16,427	17,533	17,903	27,383	25,984	43,341	45,483	47,732
Total Liabilities	**10,89,717**	**10,69,022**	**10,63,621**	**10,27,176**	**12,04,094**	**14,22,053**	**17,35,237**	**20,90,827**
Loans	**8,70,303**	**8,24,694**	**7,51,546**	**8,13,594**	**9,37,731**	**11,78,210**	**14,57,087**	**17,94,132**
Change (%)	-4.8	-5.2	-8.9	8.3	15.3	25.6	23.7	23.1
Investments	**88,721**	**1,19,169**	**1,43,662**	**1,23,849**	**1,18,760**	**1,05,638**	**1,10,920**	**1,16,466**
Change (%)	48.4	34.3	20.6	-13.8	-4.1	-11.0	5.0	5.0
Net Fixed Assets	11,621	5,306	5,573	5,550	6,860	13,695	14,380	15,099
Other assets	1,19,071	1,19,852	1,62,841	84,183	1,40,744	1,24,510	1,52,850	1,65,131
Total Assets	**10,89,717**	**10,69,022**	**10,63,621**	**10,27,176**	**12,04,094**	**14,22,053**	**17,35,237**	**20,90,827**

E: MOFSL Estimates

Financials and Valuation

AUM Mix								(%)
AUM Details	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Asset Under Management	**9,40,140**	**8,83,400**	**8,08,930**	**8,55,640**	**9,77,620**	**12,17,290**	**15,33,776**	**18,88,560**
Change (%)	-4.4	-6.0	-8.4	5.8	14.3	24.5	26.0	23.1
Rural	32.0	39.0	58.5	70.3	70.6	72.4	74.1	74.2
Housing	25.2	24.8	23.7	24.3	26.7	25.4	24.5	25.1
Focused - Wholesale	39.9	34.5	17.0	3.7	1.4	1.0	0.5	0.0
Defocused - Wholesale	2.9	1.7	0.4	0.0	0.0	0.0	0.0	0.0

Ratios								(%)
Y/E March	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Spreads Analysis (%)								
Avg. Yield on Loans	14.7	13.8	15.9	16.5	16.7	15.7	16.1	16.0
Avg. Cost-Int. Bear. Liab.	7.9	6.6	6.9	6.7	7.1	6.6	7.0	7.1
Loan Spreads	6.8	7.2	9.1	9.8	9.6	9.1	9.0	8.9
NIM on loans	6.6	7.0	8.6	9.6	9.9	9.4	9.5	9.3
Profitability Ratios (%)								
Int. Expended/Int.Earned	54.9	49.1	46.1	41.6	40.9	40.4	41.1	41.8
Other Inc./Net Income	16.9	14.4	11.5	13.2	12.8	11.6	11.2	10.5
Op. Exps./Net Income	27.8	34.4	37.6	40.4	40.1	39.8	38.1	37.3
Empl. Cost/Op. Exps.	51.0	47.5	49.1	51.5	55.6	55.8	57.2	58.5
Provisions/PPoP (%)	70.9	67.6	53.2	41.4	41.4	40.7	37.6	35.5
Asset Quality (%)								
Gross NPAs	45,040	35,430	38,320	26,980	32,180	35,110	43,172	50,914
Gross NPAs to Adv.	5.0	4.2	4.7	3.2	3.3	2.9	2.9	2.8
Net NPAs	13,770	16,780	11,780	6,610	9,290	11,480	10,254	12,176
Net NPAs to Adv.	1.6	2.0	1.5	0.8	1.0	1.0	0.7	0.7
PCR (%)	69.4	52.6	69.3	75.5	71.1	67.3	76.2	76.1
ECL/EAD (%)								
Return ratios and Capitalisation (%)								
RoE	5.7	5.5	7.8	10.3	10.8	11.1	13.5	15.1
RoA	0.9	1.0	1.5	2.2	2.4	2.3	2.5	2.6
Debt to Equity (x)	4.7	4.3	3.9	3.3	3.6	3.9	4.4	4.8
Average Assets/Equity (x)	6.5	5.6	5.1	4.6	4.6	4.9	5.3	5.7

VALUATION	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Book Value (INR)	76.0	80.6	86.8	94.2	102.5	111.7	124.9	141.0
Price-BV (x)	**4.3**	**4.0**	**3.7**	**3.4**	**3.2**	**2.9**	**2.6**	**2.3**
EPS (INR)	3.8	4.3	6.5	9.3	10.6	11.9	15.9	20.0
EPS Growth YoY	-54.7	12.6	51.2	42.4	13.8	12.4	33.6	25.9
Price-Earnings (x)	**84.3**	**74.9**	**49.5**	**34.8**	**30.6**	**27.2**	**20.4**	**16.2**
Dividend per share (INR)	0.0	0.5	2.0	2.5	2.8	2.8	4.0	5.0
Dividend yield (%)	**0.0**	**0.2**	**0.6**	**0.8**	**0.8**	**0.8**	**1.2**	**1.5**

E: MOFSL Estimates

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BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
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