28 April 2025

4QFY25 Result Update| Sector: NBFCs

L&T Finance

Estimate changes	↔
TP change	↑
Rating change	↔

Bloomberg	LTF IN
Equity Shares (m)	2495
M.Cap.(INRb)/(USDb)	418.3 / 4.9
52-Week Range (INR)	194 / 129
1, 6, 12 Rel. Per (%)	6/18/-6
12M Avg Val (INR M)	1295

Financials Snapshot (INR b)

Y/E March	FY25	FY26E	FY27E
Total Income	86.7	101.7	123.4
PPP	59.6	70.5	87.1
PAT	26.4	30.9	40.0
EPS (INR)	10.6	12.4	16.0
EPS Gr. (%)	13.8	16.9	29.6
BV/Sh. (INR)	102	112	125
Ratios			
NIM (%)	9.9	9.8	9.7
C/I ratio (%)	40.1	40.1	38.9
RoAA (%)	2.4	2.4	2.6
RoE (%)	10.8	11.5	13.5
Payout (%)	26.0	26.0	25.0
Valuation			
P/E (x)	15.9	13.6	10.5
P/BV (x)	1.6	1.5	1.3
Div. Yield (%)	1.6	1.9	2.4

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	66.2	66.3	65.9
DII	13.3	12.2	8.7
FII	5.5	5.3	11.1
Others	15.0	16.3	14.4

FII Includes depository receipts

CMP: INR168 TP: INR200 (+19%) Buy

Retail growth to accelerate; credit costs to normalize in 2HFY26

Guides for normalization in the MFI business from early 2QFY26 onward

- L&T Finance's (LTF) reported 4QFY25 PAT grew 15% YoY to INR6.4b (in line). FY25 PAT grew ~14% YoY to INR26.4b.
- Consol. credit costs stood at INR6.2b (in line), translating into annualized credit costs of ~2.55% (PQ: 2.5% and PY: 3.2%). The company utilized macroprudential provisions of INR3b in 4QFY25 and ~INR4b in FY25. Before the utilization of macro-prudential provisions, credit costs for the quarter stood at ~3.8% (PQ: 2.9%). The company now has unutilized macro provisions of ~INR5.75b. Write-offs stood at ~INR7.4b (PQ: ~INR5.9b).
- Retail assets contributed ~97.4% to the loan mix. Retail loans grew ~19% YoY, led by healthy growth in HL, LAP, and Personal Loans. The company has resumed growth in its personal loans book, which grew ~11% QoQ. Rural Business Loans (MFI) were flat, while 2W declined ~3% QoQ.
- LTF highlighted that the stress in the MFI industry has likely bottomed out. The implementation of MFIN Guardrails 2.0 is expected to have a limited impact, as the company has a relatively low proportion of overleveraged customers. Management also highlighted that it expects a structural decline in credit costs after 1-2 quarters, with credit costs in 2HFY26 expected to be lower than in 1H.
- Management expects MFI industry growth at ~10%-15% and guided for LTF's retail loan growth of ~20-25% in FY26. We estimate a CAGR of ~22% in total loans and ~23% in PAT over FY25-27E, with consolidated RoA/RoE of 2.6%/~14% in FY27E. While FY26 will be a year of transition toward the targeted loan mix and implementation of Cyclops in Tractors, PL and SME segments, we expect LTF to deliver a sustainable improvement in profitability and RoA expansion from FY27 onward. **Retain BUY with a TP of INR200 (based on 1.6x Mar'27E BVPS).**

NIMs + fees decline ~20bp QoQ; yields decline ~65bp QoQ

- Reported NIMs declined ~37bp QoQ to 8.15%. However, consol. NIMs + fees declined ~20bp QoQ to ~10.15%, driven by a fall in MFI in the loan mix.
- Spreads (calc.) declined ~45bp QoQ to ~8.4%. Yields (calc.) fell ~65bp QoQ to ~15.6%, while CoF (calc.) was down ~15bp QoQ at 7.2%.
- Management shared that it plans to expand the gold loans and micro LAP businesses, both of which are relatively high-NIM businesses. In addition, LTF plans to grow its PL portfolio, which delivers blended yields of over ~17%. The company will also focus on implementing several fee-generation initiatives throughout the year and has guided for NIM + fee of ~10.0-10.5% in FY26. We model NIMs of ~9.8%/9.7% in FY26/27E (FY25: 9.9%).

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Minor deterioration in asset quality; retail GS3 stands at ~2.9%

- Consol. GS3 rose ~6bp QoQ to ~3.3% and NS3 was stable QoQ at ~1%. PCR was broadly stable at ~71%. Retail GS3 rose ~5bp QoQ to 2.9%.
- We model credit costs (as % of average loans) of ~2.9%/2.7% in FY26/FY27E (compared to ~2.8% in FY25).

Key highlights from the management commentary

- Management acknowledged that developments in Tamil Nadu (in the backdrop of the introduction of the bill to prevent coercive money recovery) were concerning; however, the impact is expected to be less widespread compared to what was observed in Karnataka. Currently, there are no prominent issues in any district of Tamil Nadu.
- As the Cyclops implementation is rolled out across products, the company expects a structural decline in credit costs. CIBIL bureau analysis for 2W loans indicates that the portfolio underwritten through Cyclops carries a lower risk, with overall credit costs projected to decline by ~100-150bp.
- Management guided for credit costs of 2.3-2.4% (as % of assets) in FY26, with credit costs declining from 2HFY26 onward. It expects continuous improvements in RoA trajectory as the problems in the MFI segment gradually dissipate.

Valuation and view

- LTF's 4Q earnings were in line with expectations. Disbursements and loan growth remained modest, reflecting the company's strategic focus on calibrated risk-based expansion. Asset quality saw a slight deterioration with sequentially higher credit costs, while NIMs continued to contract, primarily due to a reduced share of MFI in the loan portfolio.
- LTF has invested in process automation, security, and customer journeys. This, along with large partnerships in products like PL, should lead to stronger and more sustainable retail loan growth. While there are signs of stress in non-MFI retail segments like 2W, tractors and PL, we expect the stress to subside and be provided for over the next two quarters. Stress in the microfinance sector is a near-term headwind, which the company will navigate and come out stronger.
- We estimate a PAT CAGR of 23% over FY25-27E, with consolidated RoA/RoE of 2.6%/~14% in FY27. Reiterate our **BUY rating on the stock with a TP of INR200 (based on 1.6x Mar'27E BVPS).**

Quarterly performance (INR M)

Y/E March	FY24				FY25				FY24	FY25	4Q FY25E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	31,165	31,685	33,063	33,226	34,526	36,544	38,064	37,499	1,29,139	1,46,633	38,411	-2
Interest Expenses	13,638	13,249	13,534	13,351	13,514	14,763	15,692	15,998	53,772	59,968	15,856	1
Net Interest Income	**17,527**	**18,436**	**19,529**	**19,875**	**21,012**	**21,781**	**22,371**	**21,501**	**75,367**	**86,665**	**22,555**	**-5**
Change YoY (%)	14.3	11.9	7.2	12.6	19.9	18.1	14.6	8.2	11.4	15.0	13.5	
Other Operating Income	1,068	453	2,277	3,492	3,318	3,649	2,912	2,730	6,667	12,610	2,959	-8
Net Operating Income	**18,596**	**18,889**	**21,805**	**23,367**	**24,330**	**25,431**	**25,283**	**24,231**	**82,034**	**99,275**	**25,514**	**-5**
Change YoY (%)	11.7	7.5	12.9	31.9	30.8	34.6	16.0	3.7	15.1	21.0	9.2	
Other income	1,535	2,682	473	56	2	47	76	43	4,745	167	113	-62
Total Income	**20,130**	**21,572**	**22,278**	**23,422**	**24,332**	**25,477**	**25,359**	**24,274**	**86,779**	**99,442**	**25,627**	**-5**
Change YoY (%)	11.1	15.0	11.9	18.7	20.9	18.1	13.8	3.6	13.4	14.6	9.4	
Operating Expenses	7,782	8,598	8,896	9,803	9,656	9,578	10,578	10,034	35,079	39,846	11,383	-12
Change YoY (%)	18.3	25.2	19.9	24.6	24.1	11.4	18.9	2.4	22.1	13.6	16.1	
Operating Profits	**12,348**	**12,974**	**13,382**	**13,619**	**14,676**	**15,899**	**14,781**	**14,240**	**51,701**	**59,597**	**14,244**	**0**
Change YoY (%)	6.9	9.1	7.2	7.3	18.9	22.5	10.5	4.6	6.3	15.3	4.6	
Provisions	5,212	5,000	5,142	6,679	5,453	6,504	6,542	6,185	21,410	24,684	6,165	0
Profit before Tax	**7,136**	**7,974**	**8,240**	**6,940**	**9,223**	**9,396**	**8,239**	**8,055**	**30,290**	**34,913**	**8,079**	**0**
Tax Provisions	1,831	2,032	1,847	1,410	2,370	2,429	1,983	1,697	7,119	8,478	1,708	-1
Profit after tax	**5,309**	**5,951**	**6,402**	**5,539**	**6,855**	**6,967**	**6,257**	**6,358**	**23,171**	**26,434**	**6,371**	**0**
Change YoY (%)	103	47	41	11	29	17	-2	15	43	14	15	
Key Operating Parameters (%)												
Rep. Net Income (% of Avg Assets)	9.64	10.84	10.92	11.25	11.08	10.86	10.33	10.15				
Rep. Cost of funds (%)	7.77	7.79	7.81	7.82	7.85	7.80	7.83	7.84				
Cost to Income Ratio	38.7	39.9	39.9	41.9	39.7	37.6	41.7	41.3				
Rep Credit Cost	2.33	2.58	2.52	3.23	2.37	2.59	2.49	2.54				
Tax Rate	25.7	25.5	22.4	20.3	25.7	25.9	24.1	21.1				
Balance Sheet Parameters												
Gross Customer Assets (INR B)	786	787	818	856	887	930	951	978				
Change YoY (%)	-10.8	-12.6	-7.5	5.8	12.9	18.1	16.3	14.3				
Borrowings (INR B)	754	766	760	765	803	849	862	922				
Change YoY (%)	-7.8	-10.3	-11.9	-7.8	6.5	10.9	13.4	20.5				
Customer Assets /Borrowings (%)	104	103	108	112	110	110	110	106				
Asset Quality Parameters (%)												
GS 3 (INR B)	31.7	25.8	26.3	27.0	27.9	29.6	30.8	32.2				
Gross Stage 3 (%)	4.0	3.3	3.21	3.15	3.14	3.19	3.23	3.29				
NS 3 (INR B)	9.1	6.3	6.5	6.6	6.9	8.7	9.1	9.3				
Net Stage 3 (%)	1.6	0.8	0.8	0.79	0.8	1.0	0.97	0.97				
PCR (%)	71.4	75.7	75.3	75.5	75.3	70.6	70.6	71.1				
Return Ratios (%)												
ROAA	2.1	2.4	2.5	2.2	2.7	2.6	2.3	2.2				
ROAE	9.4	10.8	11.4	9.5	11.6	11.7	10.2	10.1				

E: MOFSL Estimates

Disbursements grew ~3% YoY; Retail loans up by ~19% YoY

- Total disbursements in 4QFY25 declined ~3% YoY to ~INR149b. Wholesale disbursements were nil during the quarter.
- Total loan book grew ~14% YoY and ~3% QoQ to ~INR978b. Wholesale loans continued to run down, declining ~43% YoY to ~INR26b (PQ: ~INR29b). Net SR declined to ~INR59b (from ~INR68b in FY24) on the back of monetization of assets, completion of projects and the subsequent sale of constructed units, and recovery measures through legal actions.
- Retail assets contributed ~97.4% to the loan mix (PQ: 97%). Retail loans grew ~19% YoY led by healthy growth in HL, LAP and Personal Loans. We model a total loan CAGR of ~22% over FY25-27E.

Impact from Karnataka ordinance on MFI CE, but improvements visible

- LTF noted that only ~8% (PQ: ~10.5%) of LTFH customers have loans from 4 or more lenders (including LTFH).
- Karnataka CE was impacted in Feb’25 and improved in Mar’25 and Apr’25. In the absence of any further new events, it expects a return to normalized CE by early 2QFY26.
- MFI collection efficiency (0-90dpd) stood at ~97.6% in Mar’25 (vs. 97.9% in Dec’24).

Highlights from the management commentary

Guidance

- Guided for credit costs of 2.3-2.4% in FY26, with credit costs declining from 2HFY26 onwards.
- Improvement in RoA trajectory should continue as the problems in the MFI segment dissipate.
- NIM + Fee income guidance of 10.0-10.5%; As disbursements in MFI start growing, it will be NIM accretive.
- Guided for Retail loan growth of 20-25%. In MFI business, it expects loan growth of 10-15% (same as that of the industry)

Asset Quality and Credit Costs

- Credit costs directionally were unchanged QoQ.
- Credit costs emerging out of Farm (where directionally it is lower).
- It should be 1-2 more quarters before it will start seeing a structural decline in credit costs. 2HFY26 will be better than 1H in terms of overall credit costs.
- LTF will utilize macro-prudential provisions in its MFI business, if needed.
- LTF has seen the worst in terms of credit costs in its MFI business.
- **Credit costs:** In Farm, declined QoQ | In 2W, it will need two more quarters to start exhibiting improvement| In PL, stable QoQ.
- Farm credit metrics have been improving every quarter. On an indexed basis, the Farm segment Net non-starters has declined from 159% in Apr'24 to 38% in Mar'25.

NIM levers

- LTF will be scaling up gold loans and Micro LAP, which are high-NIM secured products. PL business will scale up, which has blended yields of >17%. It will also be working on certain fee-generation initiatives during the course of the year.

Microfinance

- Utilized ~INR4b of macro-prudential provisions in FY25. Unutilized macro-prudential provisions of INR5.75b
- CE of registered MFI players also witnessed deterioration in Feb'25 but improved in Mar'25/Apr'25. It expects CE in Karnataka to normalize by early 2QFY26.
- Seen the bottoming out of the MFI industry stress. Impact from the implementation of MFIN Guardrails 2.0 will be limited since LTF does not have a high proportion of overleveraged customers (with more than 3 MFI loans).
- TN MFI Loan book stood at ~INR60b.
- When the entire MFI industry is going through an asset quality issue, then LTF has to look at non-leveraged customers. It has to go to segments where it can get non-leveraged customers. It is expanding to non-penetrated areas in Western UP and Rajasthan.
- LTF added 290k new customers in 4QFY25.
- AP and Telangana CE stood at 100%.

Tamil Nadu Bill and Impact on MFI business

- TN bill is targeted solely at unregulated entities.
- CE in TN stood at ~99.6% in Mar'25 (vs normalized levels of 99.7%).
- Onset of MFIN 2.0 guardrails is an overall long-term positive for the MFI industry

- TN bill has a broader scope rather than being limited to the MFI business. This will be a transitory impact for LTF in TN.
- LTF intends to maintain a risk-calibrated approach in MFI business - Non-leveraged and LTF-exclusive customers. If there is a squeeze in some part of the country, it has a big enough franchise to make up for it.
- TN development is concerning but the impact will not be as widespread as was seen in KAR. This is because this TN bill is broader rather than being directed toward MFI.
- TN impact will not be as widespread or problematic as KAR. In TN, there is no major issue in any district as of now. The TN Bill has a wider scope and there will be a softer landing in TN than what we saw in KAR.

Security Receipts (SR)

- Overall reduction of ~INR9b in the net SR book, which stood at ~INR58b as of Mar'25. Net SR Book has declined from INR67.7b (as of Mar'24) to INR58.62b (as of Mar'25).
- Expects sharper reduction in SRs in FY27 and FY28 (~30-40bp is the interest cost which will come down as the full book starts getting released).
- On a gross basis, ~INR13.5b was sold to ARCs and net SRs of ~INR5b got added in FY25.

Project Cyclops

- Cyclops will be implemented for PL and SME business in 1QFY26 and 2QFY26, respectively.
- CIBIL bureau analysis of 2W shows lower-risk portfolio underwritten through cyclops with the overall credit costs estimated to come down by 100-150bp.
- As the Cyclops implementation takes hold across products, there will be a structural decline in the credit costs.

Loans growth and disbursements

- Retail loan book stood at INR952b, up 19% YoY.
- Maintained a healthy growth trajectory in home loans, LAP, SME and PL.
- Prime 2W disbursements increased to ~82% in Mar'25 (vs. 53% in Mar'24).
- Expects the disbursement momentum in the 2W business to continue. It will be moving more toward the LAP business and tempering down the disbursement in HL to manage yields.
- Share of Urban businesses has grown since it has tempered growth in the MFI business.
- Rural component of gold loans might also start growing next year.

Product Segments

- **MicroLAP:** it has expanded its presence to six states in Southern and Western India. MicroLAP loan book crossed INR4.5b as of Mar'25.
- **Warehouse Receipt Financing:** Achieved cumulative disbursements of INR5b in FY25
- **Supply Chain Financing:** Positive outlook toward its potential to scale profitably
- **Gold Loans:** LTF was keen to enter this segment to complement its product portfolio given that it has high profitability and high cross-sell potential.

Financial Performance

- Consolidated 4QFY25 PAT stood at INR6.36b
- 4QFY25 RoA/RoE of 2.22%/10.13%
- FY25 consol. NIM + Fees stood at ~10.59%
- FY25 RoA stood at 2.44% (up 12bp YoY) and RoE stood at 10.87% (up 52bp YoY)

Personal Loans

- PL growth coming from expansion of distribution through salaried prime customers and scale-up of Fintech Partnerships.
- Continues to operate in the Prime and near-prime segments.
- CRED, PhonePe, and Amazon partnerships cater to the Prime Segments and DSA channel originated Prime Salaried customers.

PL sourced through Partnerships

- Partners act as sourcing partners and there is no sharing of credit costs.
- CRED Partnership is a 90:10 co-lending model. With Amazon and PhonePe, it is just a co-origination partnership.
- 16% and PE of 1.5%-2.0%
- It has cumulatively done about ~INR6b of disbursements under these Partnerships. Disbursements moved up from ~INR1b in Jan'25 to ~INR2.15b in Mar'25
- Net non-starters in this Portfolio have been close to NIL, even though it has not implemented cyclops in the PL segment as yet.
- Tenor of PL Loans is 28-30 months.
- Customers on Fintech platforms pay 100-150bp higher interest rates (vs. customers who come through the DSA channel) if the customer journeys are good and because of the speed of disbursements.
- Opex on this sales channel is also very low.
- LTF does not do STPL and average ticket size in PL sourced through partnerships is INR250k.
- Customers sourced through these partnerships are new to LTF but these customers have a significant credit bureau record.

Gold Loans

- Gold loan business acquisition will happen in 2Q; MicroLAP growing - bring fair visibility in maintenance of NIM within this range.

Two Wheelers

- 2W Loan growth guidance of 15-20%
- Implemented Cyclops in 2W from Dec'24 onwards.
- 10-13% relatively higher risk customers in 2W have shrunk to 3%, which has shaved off INR1.0b-1.25b of monthly disbursements and ~INR3b-3.5b of quarterly disbursements. These customers contribute ~10-12% in credit costs. Medium- and low-risk customers have increased.

Home Loans

- In HL, there were ~INR8b of unbanked cheques, which were not included in this quarter's HL disbursements.

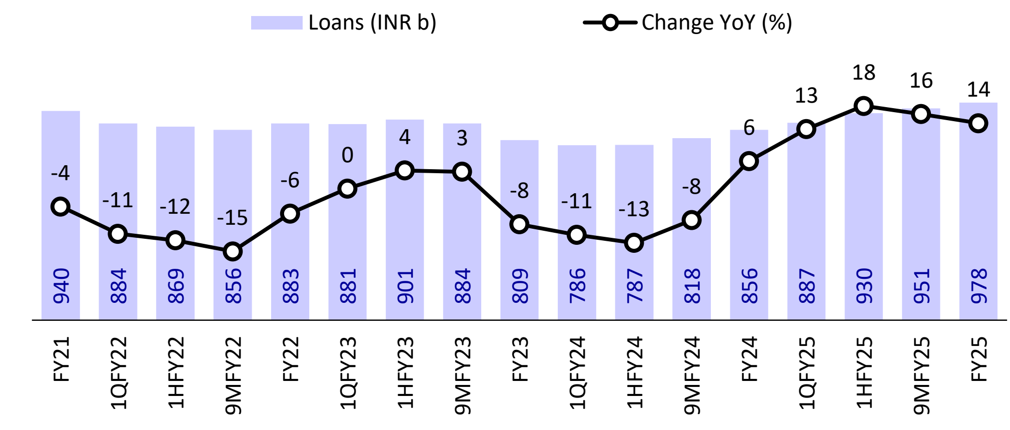
RoA

- RoA improvement will come from better operating efficiencies and a structural decline in credit costs.

Key exhibits

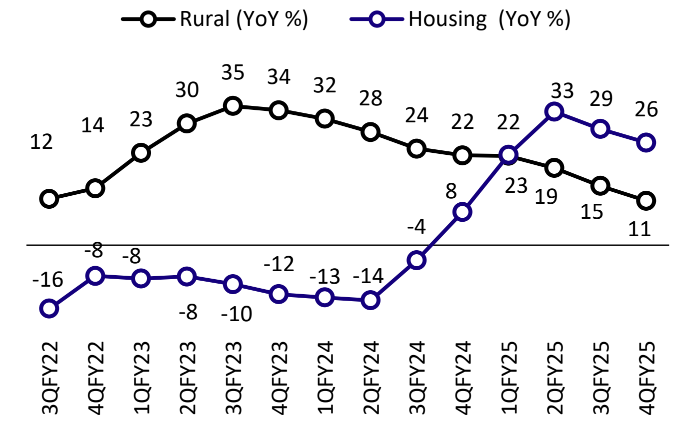
Loan book grew 3% QoQ to ~INR978b

Exhibit 1: Loan book grew 14% YoY, driven by retail (%)



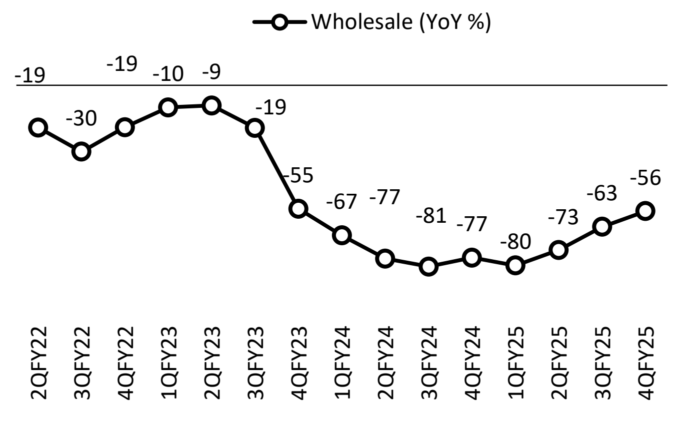
Source: MOFSL, Company

Exhibit 2: Housing finance book (including wholesale RE) grew ~26% YoY



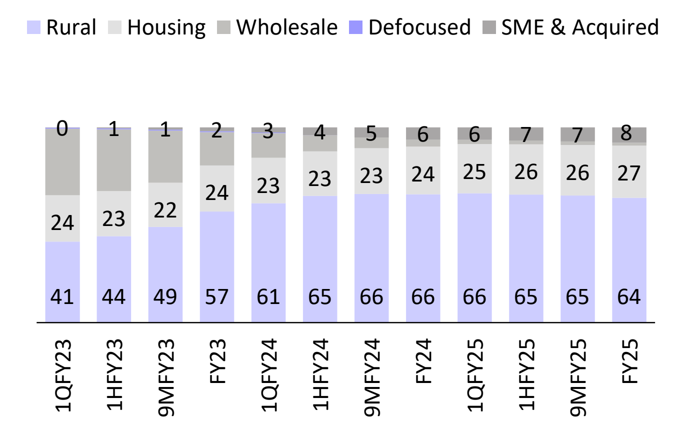
Source: MOFSL, Company

Exhibit 3: Wholesale book declined 56% YoY



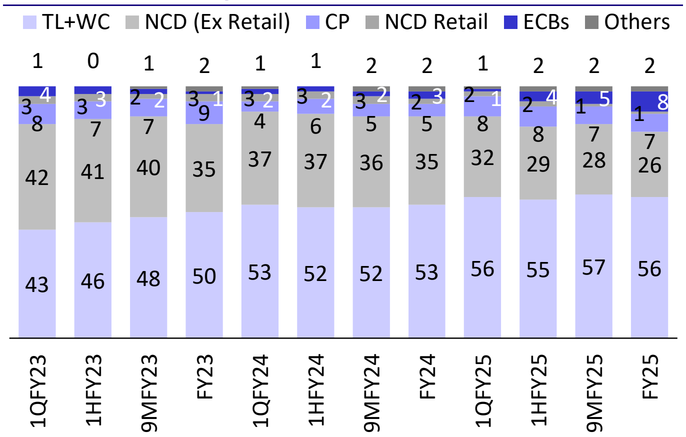
Source: MOFSL, Company

Exhibit 4: Rural Finance in loan mix declined QoQ



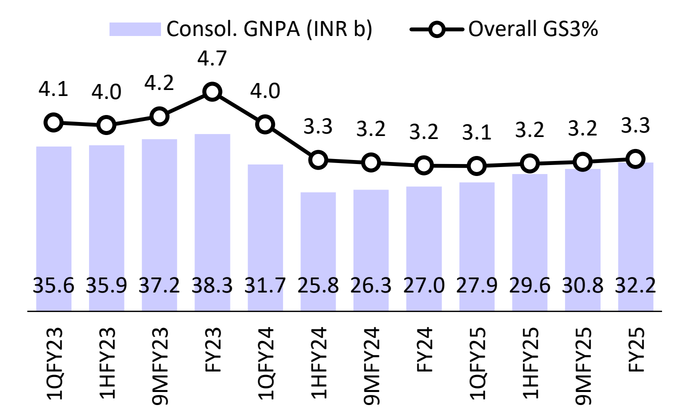
Source: MOFSL, Company

Exhibit 5: Borrowing mix (%)



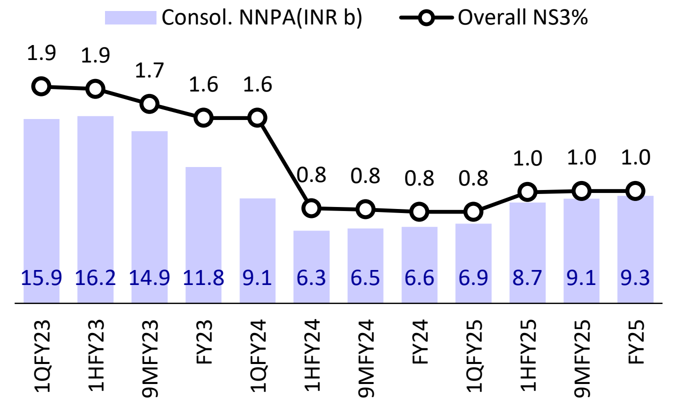
Source: MOFSL, Company

Exhibit 6: GS3 rose ~5bp QoQ (%)



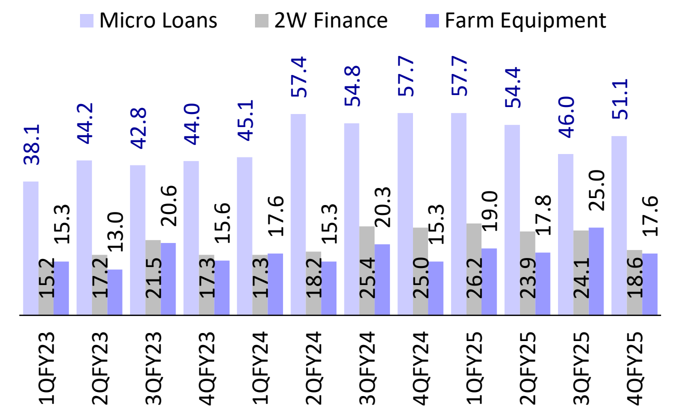
Source: MOFSL, Company

Exhibit 7: NS3 was stable QoQ (%)



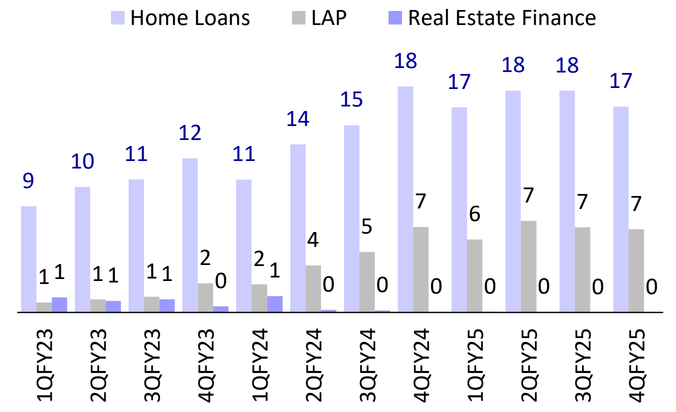
Source: MOFSL, Company

Exhibit 8: Micro-loan disbursements improved sequentially (INR b)



Source: MOFSL, Company

Exhibit 9: Home loans disbursements declined QoQ (INR b)



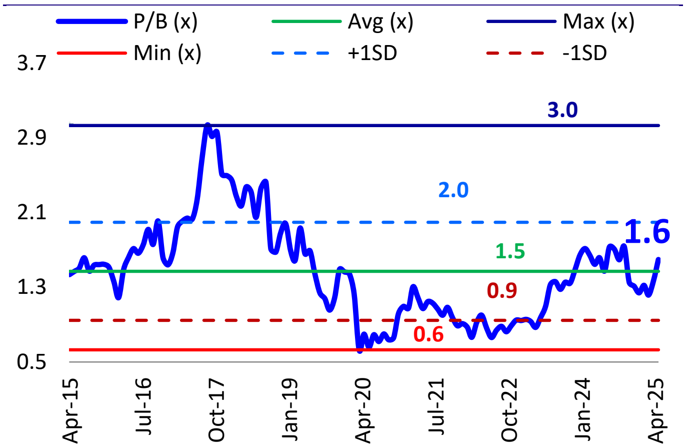
Source: MOFSL, Company

Exhibit 10: We keep our FY26/FY27 EPS estimates largely unchanged

INR b	Old estimates		New estimates		% change	
	FY26	FY27	FY26	FY27	FY26	FY27
Total Income	**117.8**	**142.7**	**117.7**	**142.7**	**-0.1**	**0.0**
Operating Expenses	48.3	55.4	47.2	55.6	-2.3	0.3
Operating Profits	**69.5**	**87.4**	**70.5**	**87.1**	**1.5**	**-0.3**
Provisions	29.0	34.6	29.7	34.2	2.4	-1.0
PBT	**40.5**	**52.8**	**40.8**	**52.9**	**0.9**	**0.1**
Tax	9.8	12.8	9.9	12.9	0.9	0.1
PAT	**30.6**	**40.0**	**30.9**	**40.0**	**0.9**	**0.1**
Loan book	1,142	1,417	1,138	1,396	-0.3	-1.5
Borrowings	1,085	1,349	1,081	1,329	-0.3	-1.5

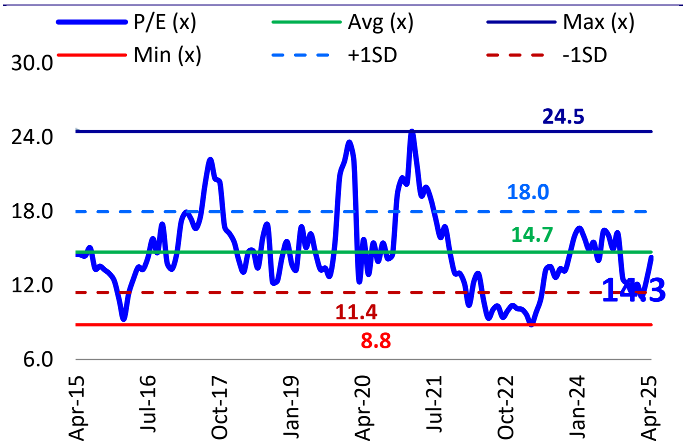
Source: MOFSL, Company

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	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Interest Income	1,16,403	1,32,447	1,31,049	1,17,042	1,25,651	1,29,139	1,46,633	1,71,798	2,06,562
Interest Expended	68,600	75,136	71,999	57,494	57,972	53,772	59,968	70,137	83,165
Net Interest Income	**47,803**	**57,311**	**59,049**	**59,548**	**67,679**	**75,367**	**86,665**	**1,01,660**	**1,23,397**
Change (%)	39.8	19.89	3.0	0.8	13.7	11.4	15.0	17.3	21.4
Other Operating Income	13,494	8,594	5,732	6,053	3,569	6,667	12,610	15,858	19,051
Net Operating Income	**61,297**	**65,905**	**64,782**	**65,601**	**71,248**	**82,034**	**99,275**	**1,17,518**	**1,42,449**
Change (%)	28.7	7.5	-1.7	1.3	8.6	15.1	21.0	18.4	21.2
Other Income	3,118	3,726	6,276	3,928	5,268	4,745	167	193	221
Net Income	**64,415**	**69,632**	**71,058**	**69,529**	**76,515**	**86,779**	**99,442**	**1,17,711**	**1,42,670**
Change (%)	33.7	8.1	2.0	-2.2	10.0	13.4	14.6	18.4	21.2
Operating Expenses	19,215	19,785	19,749	23,946	28,732	35,079	39,846	47,200	55,560
Operating Profits	**45,200**	**49,846**	**51,309**	**45,582**	**47,783**	**51,701**	**59,597**	**70,510**	**87,110**
Change (%)	31.8	10.3	2.9	-11.2	4.8	8.2	15.3	18.3	23.5
Provisions/write offs	14,681	23,046	36,357	30,833	25,404	21,410	24,684	29,688	34,216
PBT	**30,520**	**26,801**	**14,952**	**14,750**	**22,379**	**30,290**	**34,913**	**40,822**	**52,894**
Tax	8,200	9,798	5,463	4,256	6,464	7,119	8,478	9,920	12,853
Tax Rate (%)	26.9	36.6	36.5	28.9	28.9	23.5	24.3	24.3	24.3
PAT before pref dividend	**22,320**	**17,003**	**9,489**	**10,494**	**15,915**	**23,171**	**26,434**	**30,902**	**40,041**
Change (%)	74.7	-23.8	-44.2	10.6	51.7	45.6	14.1	16.9	29.6
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**	**26,434**	**30,902**	**40,041**
Change (%)	75	-24	-44	13	52	43	14	17	30
Proposed Dividend	**2,319**	**2,093**	**0**	**1,237**	**4,959**	**6,222**	**6,861**	**8,035**	**10,010**

Balance sheet

(INR M)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Equity Share Capital	19,988	20,048	24,695	24,740	24,797	24,889	24,949	24,949	24,949
Reserves & Surplus	1,14,498	1,26,876	1,63,038	1,74,737	1,90,487	2,09,495	2,30,692	2,54,733	2,86,739
Borrowings	**9,15,070**	**9,38,945**	**8,85,558**	**8,52,012**	**8,30,435**	**7,65,409**	**9,22,469**	**10,81,457**	**13,29,113**
Change (%)	21.6	2.6	-5.7	-3.8	-2.5	-7.8	20.5	17.2	22.9
Other liabilities	10,995	9,577	16,427	17,533	17,903	27,383	25,984	27,250	28,579
Total Liabilities	**10,60,551**	**10,95,447**	**10,89,717**	**10,69,022**	**10,63,621**	**10,27,176**	**12,04,094**	**13,88,389**	**16,69,380**
Loans	**9,13,246**	**9,14,625**	**8,70,303**	**8,24,694**	**7,51,546**	**8,13,594**	**9,37,731**	**11,38,376**	**13,96,127**
Change (%)	18.5	0.2	-4.8	-5.2	-8.9	8.3	15.3	21.4	22.6
Investments	**86,408**	**59,793**	**88,721**	**1,19,169**	**1,43,662**	**1,23,849**	**1,18,760**	**1,24,698**	**1,30,933**
Change (%)	63.0	-30.8	48.4	34.3	20.6	-13.8	-4.1	5.0	5.0
Net Fixed Assets	11,660	11,621	11,621	5,306	5,573	5,550	6,860	7,203	7,563
Other assets	49,237	1,09,408	1,19,071	1,19,852	1,62,841	84,183	1,40,744	1,18,113	1,34,757
Total Assets	**10,60,551**	**10,95,447**	**10,89,717**	**10,69,022**	**10,63,621**	**10,27,176**	**12,04,094**	**13,88,389**	**16,69,380**

E: MOFSL Estimates

Financials and Valuation

AUM Mix									(%)
AUM Details	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**
Asset Under Management	**9,91,220**	**9,83,850**	**9,40,140**	**8,83,400**	**8,08,930**	**8,55,640**	**9,77,620**	**11,92,017**	**14,61,913**
Change (%)	16.1	-0.7	-4.4	-6.0	-8.4	5.8	14.3	21.9	22.6
Rural	25.8	28.1	32.0	39.0	58.5	70.3	70.6	70.9	71.4
Housing	25.7	27.0	25.2	24.8	23.7	24.3	26.7	27.5	27.9
Focused - Wholesale	38.0	39.5	39.9	34.5	17.0	3.7	1.4	0.6	0.0
Defocused - Wholesale	10.5	5.3	2.9	1.7	0.4	0.0	0.0	0.0	0.0

Ratios									(%)
Y/E March	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**
Spreads Analysis (%)									
Avg. Yield on Loans	13.8	14.5	14.7	13.8	15.9	16.5	16.7	16.6	16.3
Avg. Cost-Int. Bear. Liab.	8.2	8.1	7.9	6.6	6.9	6.7	7.1	7.0	6.9
Loan Spreads	5.6	6.4	6.8	7.2	9.1	9.8	9.6	9.6	9.4
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	40.9	40.8	40.3
Other Inc./Net Income	25.8	17.7	16.9	14.4	11.5	13.2	12.8	13.6	13.5
Op. Exps./Net Income	29.8	28.4	27.8	34.4	37.6	40.4	40.1	40.1	38.9
Empl. Cost/Op. Exps.	42.9	53.7	51.0	47.5	49.1	51.5	55.6	57.8	59.9
Provisions/PPoP (%)	32.5	46.2	70.9	67.6	53.2	41.4	41.4	42.1	39.3
Asset Quality (%)									
Gross NPAs	55,490	50,370	45,040	35,430	38,320	26,980	32,180	28,657	34,206
Gross NPAs to Adv.	5.9	5.3	5.0	4.2	4.7	3.2	3.3	2.5	2.4
Net NPAs	21,740	20,780	13,770	16,780	11,780	6,610	9,290	7,145	8,552
Net NPAs to Adv.	2.4	2.3	1.6	2.0	1.6	0.8	1.0	0.6	0.6
PCR (%)	60.8	58.7	69.4	52.6	69.3	75.5	71.1	75.1	75.0
ECL/EAD (%)									
Return ratios and Capitalisation (%)									
RoE	18.0	12.1	5.7	5.5	7.8	10.3	10.8	11.5	13.5
RoA	2.3	1.6	0.9	1.0	1.5	2.2	2.4	2.4	2.6
CAR									
Tier I									
Debt to Equity (x)	6.8	6.4	4.7	4.3	3.9	3.3	3.6	3.9	4.3
Average Assets/Equity (x)	7.8	7.7	6.5	5.6	5.1	4.6	4.6	4.8	5.2

VALUATION	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**
Book Value (INR)	67.3	73.3	76.0	80.6	86.8	94.2	102.5	112.1	124.9
Price-BV (x)	**2.5**	**2.3**	**2.2**	**2.1**	**1.9**	**1.8**	**1.6**	**1.5**	**1.3**
EPS (INR)	11.2	8.5	3.8	4.3	6.5	9.3	10.6	12.4	16.0
EPS Growth YoY	74.4	-24.1	-54.7	12.6	51.2	42.4	13.8	16.9	29.6
Price-Earnings (x)	**15.0**	**19.8**	**43.7**	**38.8**	**25.7**	**18.0**	**15.9**	**13.6**	**10.5**
Dividend per share (INR)	1.0	0.9	0.0	0.5	2.0	2.5	2.8	3.2	4.0
Dividend yield (%)	**0.6**	**0.5**	**0.0**	**0.3**	**1.2**	**1.5**	**1.6**	**1.9**	**2.4**

E: MOSL Estimates

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BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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