motilal oswal Financial Services

L&T Finance

Estimate changes	⟷
TP change	⟷
Rating change	⟷

Bloomberg	LTF IN
Equity Shares (m)	2498
M.Cap.(INRb)/(USDb)	526 / 6.1
52-Week Range (INR)	213 / 129
1, 6, 12 Rel. Per (%)	11/35/17
12M Avg Val (INR M)	1156

Financials Snapshot (INR b)

Y/E March	FY25	FY26E	FY27E
Total Income	86.7	98.9	122.2
PPP	59.6	69.2	87.2
PAT	26.4	31.1	41.2
EPS (INR)	10.6	12.5	16.5
EPS Gr. (%)	13.8	17.7	32.4
BV/Sh. (INR)	102	112	125
Ratios			
NIM (%)	9.9	9.5	9.6
C/I ratio (%)	40.1	39.4	37.6
RoAA (%)	2.4	2.4	2.7
RoE (%)	10.8	11.6	13.9
Payout (%)	26.0	26.0	25.0
Valuation			
P/E (x)	19.6	16.7	12.6
P/BV (x)	2.0	1.9	1.7
Div. Yield (%)	1.3	1.6	2.0

Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	66.2	66.2	66.4
DII	14.1	13.3	11.7
FII	6.2	5.5	7.3
Others	13.5	15.0	14.7

FII Includes depository receipts

CMP: INR211 TP: INR250 (+19%) Buy

Healthy quarter; well-positioned for stronger growth in 2H

Guides a normalization in the MFI business by 3QFY26

- L&T Finance (LTF)'s 1QFY26 PAT grew 2% YoY to INR7b (in line). NII grew ~8% YoY to INR22.8b (~5% beat). Opex grew ~9% YoY to ~INR10.5b (~6% higher than MOFSLe). The cost-to-income ratio declined to ~40% (PQ: ~41.3%). PPoP grew ~7% YoY to ~INR15.8b (in line) for the quarter.
- Credit costs were INR6.3b (in line), translating into annualized credit costs of ~2.23% (PQ: 2.55%/PY: 2.37%). LTF utilized macroprudential provisions of INR3b in 1QFY26 towards rural business finance (MFI). Before the utilization of the macroprudential provision, credit costs were ~3.43% (PQ: 3.8%) in 1QFY26. LTF now has unutilized macro provisions of ~INR2.75b.
- MFI collection efficiency (0-90dpd) stood at ~97.8% in Jun'25 (vs. 97.6% in Mar'25). Only ~5.2% (PQ: ~8.2%) of LTF customers have loans from 4 or more lenders (including LTF). While the pace of improvement in collection efficiency (CE) in Karnataka has been slower than initially anticipated, the company is witnessing sustained progress. Management expects the situation to stabilize through 2QFY26, with a return to normalcy likely by mid-3Q. Notably, further improvement in CE has been observed in Jul'25, indicating continued positive momentum.
- LTF has been assigned a debut investment grade credit rating of "BBB-/ Positive" by S&P Global Ratings and "BBB-/Stable" by Fitch Ratings.
- Management guided for credit costs to decline to ~2.5% (after taking into account the utilization of macro provisions) by 4QFY26 and ~2.4-2.5% for FY26. We estimate a CAGR of ~22% in total loans and ~25% in PAT over FY25-FY27E, with consolidated RoA/RoE of 2.7%/~14% in FY27E.
- LTF's FY26 will be a year of transitioning towards the targeted loan mix and implementing Cyclops in Tractors, PL, and SME segments. We expect LTF to deliver a structural improvement in profitability and RoA from FY27 onwards. **Reiterate BUY with a TP of INR250 (based on 2x Mar'27E BVPS).**

Reported NIM & fees improve ~7bp QoQ; CoB (calc.) dips ~15bp QoQ

- Reported NIM improved ~10bp QoQ to 8.25%. However, consol. NIM & fees expanded ~7bp QoQ to ~10.22%, driven by lower fee income and a decline in MFI in the loan mix.
- Spreads (calc.) rose ~25bp QoQ to ~8.6%. Yields (calc.) rose ~10bp QoQ to ~15.7%, while CoF (calc.) declined ~15bp QoQ to 7.0%.

Asset quality broadly stable; retail GS3 at ~2.9%

- Consol. GS3 was stable QoQ at ~3.3%; NS3 was also stable QoQ at ~1%. PCR declined ~30bp QoQ to ~70.8%. Retail GS3 was broadly stable QoQ at 2.9%.

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- Management highlighted that the personal loan portfolio is showing early signs of stabilization, while the 2W will take another one to two quarters before stress fully subsides. The company anticipates realizing the full benefits of Project Cyclops starting in 4QFY26, which should support asset quality improvement going forward.
- We model credit costs (as % of average loans) of ~2.7%/2.6% in FY26/FY27E (compared to ~2.8% in FY25).

Key highlights from the management commentary

- A significant portion of the flow-forwards in the MFI portfolio during the quarter was attributable to the Karnataka portfolio. While recovery is underway, the company anticipates that the KAR performance will take another 3-4 months to fully stabilize, with normalization expected by Oct'25.
- Management shared that the resolutions for several projects under NCLT are in advanced stages, with a substantial portion expected to reach completion and lead to SR recoveries in FY27-28. The proceeds from these resolutions will be strategically utilized to strengthen macro-prudential provisions, thereby enhancing the company's long-term risk buffers.
- Management indicated that the addition of new gold loan branches will not entail significant costs, as the Paul Merchants team had already established efficient operational processes, enabling a cost-effective branch rollout.

Valuation and view

- LTF's 1QFY26 earnings were in line with our expectations. Disbursements and loan growth remained modest, reflecting the company's strategic focus on calibrated risk-based expansion. Notably, asset quality remained largely stable despite 1QFY26 being a seasonally weak quarter, which is a key positive. Additionally, the company benefited from a decline in borrowing costs, driven by policy rate cuts, which supported a modest expansion in NIMs.
- 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. We expect the broad-based improvement in collection efficiency across product segments to sustain over the next two quarters, which should translate into stronger profitability for the company.
- We estimate a PAT CAGR of 25% over FY25-27E, with consolidated RoA/RoE of 2.7%/~14% in FY27. **We reiterate our BUY rating on the stock with a TP of INR250 (based on 2x Mar'27E BVPS).**

Quarterly performance (INR m)

Y/E March	FY25				FY26E				FY25	FY26E	1Q FY26E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	34,526	36,544	38,064	37,499	39,145	40,789	42,461	44,725	1,46,633	1,67,120	38,249	2
Interest Expenses	13,514	14,763	15,692	15,998	16,357	16,603	17,151	18,145	59,968	68,256	16,558	-1
Net Interest Income	**21,012**	**21,781**	**22,371**	**21,501**	**22,788**	**24,186**	**25,311**	**26,580**	**86,665**	**98,864**	**21,691**	**5**
Change YoY (%)	19.9	18.1	14.6	8.2	8.4	11.0	13.1	23.6	15.0	14.1	3.2	
Other Operating Income	3,318	3,649	2,912	2,730	3,451	3,800	4,150	4,564	12,610	15,104	3,800	-9
Net Operating Income	**24,330**	**25,431**	**25,283**	**24,231**	**26,238**	**27,986**	**29,461**	**31,144**	**99,275**	**1,13,968**	**25,491**	**3**
Change YoY (%)	30.8	34.6	16.0	3.7	7.8	10.0	16.5	28.5	21.0	14.8	4.8	
Other income	2	47	76	43	0	42	49	101	167	193	36	-99
Total Income	**24,332**	**25,477**	**25,359**	**24,274**	**26,239**	**28,028**	**29,510**	**31,245**	**99,442**	**1,14,160**	**25,526**	**3**
Change YoY (%)	20.9	18.1	13.8	3.6	7.8	10.0	16.4	28.7	14.6	14.8	4.9	
Operating Expenses	9,656	9,578	10,578	10,034	10,486	10,823	11,424	12,240	39,846	44,973	9,849	6
Change YoY (%)	24.1	11.4	18.9	2.4	8.6	13.0	8.0	22.0	13.6	12.9	2.0	
Operating Profits	**14,676**	**15,899**	**14,781**	**14,240**	**15,753**	**17,205**	**18,086**	**19,004**	**59,597**	**69,187**	**15,677**	**0**
Change YoY (%)	18.9	22.5	10.5	4.6	7.3	8.2	22.4	33.5	15.3	16.1	6.8	
Provisions	5,453	6,504	6,542	6,185	6,320	7,058	7,099	7,601	24,684	28,079	6,487	-3
Profit before Tax	**9,223**	**9,396**	**8,239**	**8,055**	**9,432**	**10,147**	**10,987**	**11,403**	**34,913**	**41,108**	**9,190**	**3**
Tax Provisions	2,370	2,429	1,983	1,697	2,424	2,435	2,637	2,493	8,478	9,989	2,160	12
Profit after tax	**6,855**	**6,967**	**6,257**	**6,358**	**7,008**	**7,712**	**8,350**	**8,910**	**26,434**	**31,119**	**7,030**	**0**
Change YoY (%)	29	17	-2	15	2	11	33	40	14	18	3	
Key Operating Parameters (%)												
Rep. Net Income (% of Avg Assets)	11.08	10.86	10.33	10.15	10.22							
Rep. Cost of funds (%)	7.85	7.80	7.83	7.84	7.68							
Cost to Income Ratio	39.7	37.6	41.7	41.3	40.0							
Rep Credit Cost	2.37	2.59	2.49	2.54	2.23							
Tax Rate	25.7	25.9	24.1	21.1	25.7							
Balance Sheet Parameters												
Gross Customer Assets (INR B)	887	930	951	978	1,023							
Change YoY (%)	12.9	18.1	16.3	14.3	15.3							
Borrowings (INR B)	803	849	862	922	938							
Change YoY (%)	6.5	10.9	13.4	20.5	16.8							
Customer Assets /Borrowings (%)	110	110	110	106	109							
Asset Quality Parameters (%)												
GS 3 (INR B)	27.9	29.6	30.8	32.2	33.9							
Gross Stage 3 (%)	3.14	3.19	3.23	3.29	3.30							
NS 3 (INR B)	6.9	8.7	9.1	9.3	9.9							
Net Stage 3 (%)	0.79	1.0	0.97	0.97	0.96							
PCR (%)	75.3	70.6	70.6	71.1	70.8							
Return Ratios (%)												
ROAA	2.7	2.6	2.3	2.2	2.4							
ROAE	11.6	11.7	10.2	10.1	10.9							

E: MOFSL Estimates

Retail loans rise ~18% YoY; momentum in personal loans sustained

- Total disbursements in 1QFY26 rose ~18% YoY to ~INR175b. Wholesale disbursements were nil during the quarter.
- The total loan book grew ~15% YoY and ~5% QoQ to ~INR1.02t. Wholesale loans continued to run down, declining ~42% YoY to ~INR25b (PQ: ~INR26b).
- Retail assets contributed ~98% to the loan mix (PQ: ~97%). Retail loans grew ~18% YoY, led by healthy growth in Tractors, HL, LAP, and Personal Loans. The company has resumed the expansion of its personal loans book, which grew ~8% QoQ. Rural business loans (MFI) grew ~1% QoQ, while 2W was flat QoQ. We model a total loan CAGR of ~22% over FY25-27E.

Collection efficiency in Karnataka improving; normalization likely by 3QFY26

- Only ~5.2% (PQ: ~8.2%) of LTF customers have loans from 4 or more lenders (including LTF).
- MFI collection efficiency (0-90dpd) stood at ~97.8% in Jun'25 (vs. 97.6% in Mar'25). Management indicated that as collection efficiencies in the MFI segment continue to improve, it expects to scale up monthly MFI disbursements to ~INR19-20b by the festive season.

CONFERENCE CALL

Highlights from the management commentary

Guidance

- Guided an RoA of 2.5% by 4QFY26 (1Q: 2.37%) and an RoA of 2.8% in FY27
- Guided for credit costs to decline to 2.5% by 4QFY26 (after taking into account the macro provisions) and 2.4-2.5% in FY26.

Microfinance

- Board approved the utilization of INR3b of macro prudential provisions for the MFI business.
- CE in the operating geographies has seen a gradual recovery. TN legislation has had a negligible impact on its MFI business.
- Continues to see further improvement in the CE in July'25 in the state of Karnataka.
- The speed at which LTF expected KAR to improve did not happen. However, LTF has seen sustained improvement in KAR. Things will settle in 2Q and will get to normalcy by mid-3Q.
- LTF gives only one loan to an existing customer in the MFI. About 48% customers are unique to LTF. If the LTF exclusive customer needs a repeat top-up, then the company gives that loan so that the number of associations and leverage of the customers do not increase. Expects the repeat customers in MFI to start declining in the subsequent quarters.
- Bihar CE is very stable, and it is keeping a close watch.
- Final MFIN guardrails have been implemented, and all lenders have been focusing on their exclusive and long-vintage customers.
- As and when the collection efficiencies in MFI improve, it should be able to get to monthly disbursements of INR19-20b (by the festive season).

Credit Costs

- A large quantum of flow-forwards in the quarter was because of Karnataka. KAR sluggishness will take another 3-4 months to completely stabilize. Expects KAR to stabilize by Oct'25.
- It is adding more collection employees in KAR and reducing the number of customers per collection employee. Adding more collector workforce and reducing the workload of collection employees.
- The objective is to use a few macroprudential provisions as possible
- Across FY27 and FY28, its focus will be to build back these macro-prudential provisions from any recoveries from the SR book
- Seeing some stabilization as far as PL is concerned. It still has a quarter or two before the stress recedes completely in 2W. It will start seeing the full benefit of Cyclops from 4Q onwards.
- In 2W, Prime share has reached 84% and risk metrics are progressing very well. Expects low credit costs in 2W from 3Q onwards.

Security Receipts (SR)

- Gross SR book stood at INR140b, and it carries provisions of INR84b as of Jun'25. Net SR book stood at ~INR56b.

- Resolutions are in advanced stages in NCLT and significant part of these projects will see completion and SR resolution will happen in FY27/28. SR Resolutions will be utilized for building up macro-prudential provisions.

Personal Loans

- Outcome-based economics - Set target of disbursements and set targets of Risk
- DSA channel commissions are 3.0-3.5%. In these large partnerships, the commissions that the company pays are significantly lower. LTF will announce a few more large partnerships in PL during the course of this quarter.
- 3-2-1 metrics: Over a course of time, it will endeavor to get 50-60% of the business in PL and SME from the channels where the commissions are 2% and 1%.

Gold Finance

- Gold loan as a high-yield secured product will be a cross-sell product to LTF's 65m MFI and 2W customers. Plans to expand 175 additional branches/locations, which have cross-selling potential. Apart from the North, it will be focusing on Eastern and Southern States. And it plans to get to 300 gold loan branches by the end of the FY.
- Acquired INR13.35b of the gold loan business on 9th Jun '25 and disbursed INR1.95b in the last three weeks of Jun'25. The gold loan business stood at INR13.6b as of Jun'25.
- Expects to scale up to 300 gold loan branches by Mar'26, which means that it will have to add 175 branches in FY26.
- The cost of the gold loan branch addition will not be expensive because the Paul Merchant team has set up efficient processes.

Project Cyclops

- 100% of its 2W disbursements happen on the Cyclops platform now.
- Net Non-Starters reducing to 0.36% (from 2.3% in Dec'24) - an improvement of 200bp.
- The initial outcome from implementation in the Farm Equipment business has been good.
- Cyclops has been fully implemented in 2W in Dec'24. There is a dip in the approval rates in the first 3 months of the implementation. 2W disbursements improved in 1Q, and early July has also been strong.
- In the Tractor business, it has been implemented in 20% of the business volumes and is expected to be fully completed by Aug'25/Sep'25.
- PL and SME - Cyclops is being implemented. Does not foresee a drop in the SME volumes despite the implementation of Cyclops.

Project Nostradamus

- Implementation of the engine is on track - expects the beta launch in Sep'2025

Financial Performance

- Consol. NIM + Fee 10.22% (PQ: 10.15%)
- Consol. PAT stood at INR7b, up 10% QoQ and 2% YoY
- Loan book stood at INR1.02t, up 15% YoY

- Consolidated GS/NS3 stood at 3.31/0.99%
- 1QFY26 RoA/RoE: 2.37%/10.86%
- 84% of the 2W disbursements in Jun'25 were in the Prime Segment.
- PL's strong growth was aided by the scale-up of Fintech partnerships
- Disbursements stood at INR175.2b, up 18% YoY. Excluding Gold Finance (which was acquired), disbursements were up 8% YoY.
- Retail Loan book was up 18% YoY; Growth reflects the strength of the lending franchise. Rural Business Finance showed a positive momentum in the quarter.

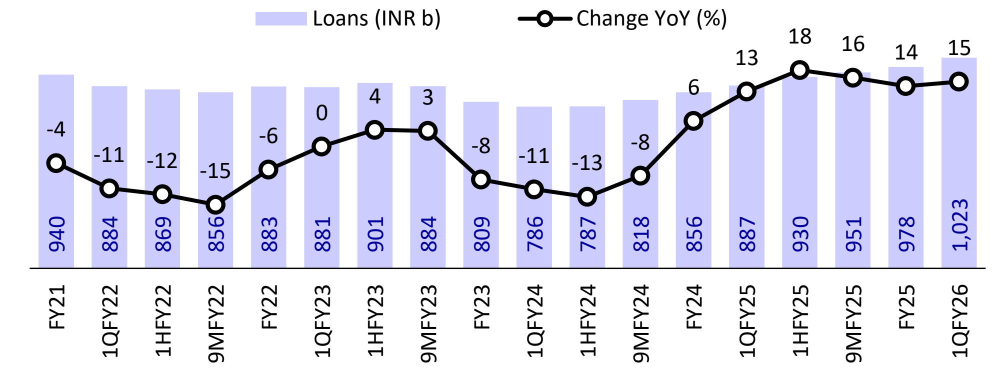
International Credit Rating

- LTF's first-ever International Credit Rating: It has received a BBB- (Stable) from S&P and Fitch, which is in line with the sovereign credit rating.

Key exhibits

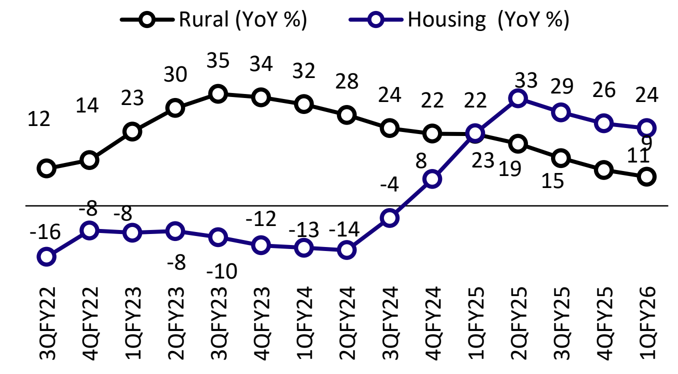
Loan book grew 4.7% QoQ to ~INR1,023b

Exhibit 1: Loan book grew 15% YoY, driven by retail (%)



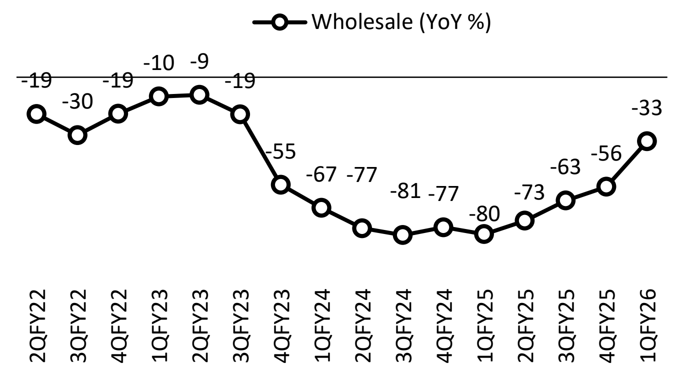
Source: MOFSL, Company

Exhibit 2: Housing finance book (including wholesale RE) grew ~24% YoY



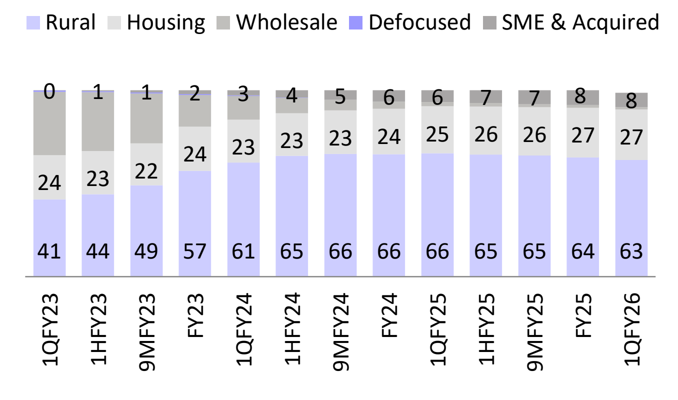
Source: MOFSL, Company

Exhibit 3: Wholesale book declined 33% YoY



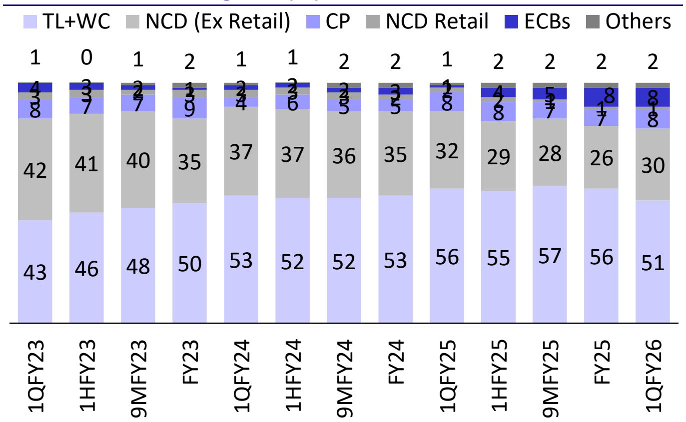
Source: MOFSL, Company

Exhibit 4: Rural finance in the loan mix declined QoQ



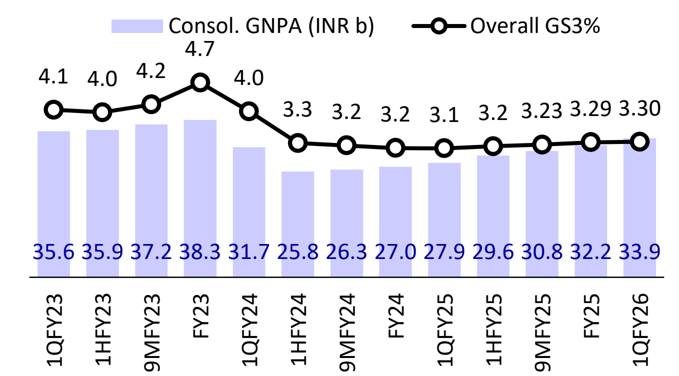
Source: MOFSL, Company

Exhibit 5: Borrowing mix (%)



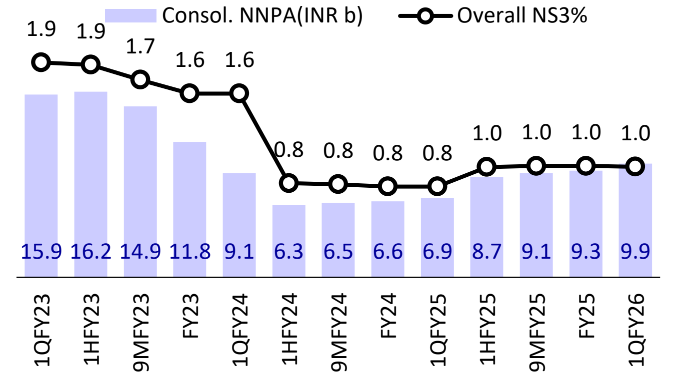
Source: MOFSL, Company

Exhibit 6: GS3 stable QoQ (%)



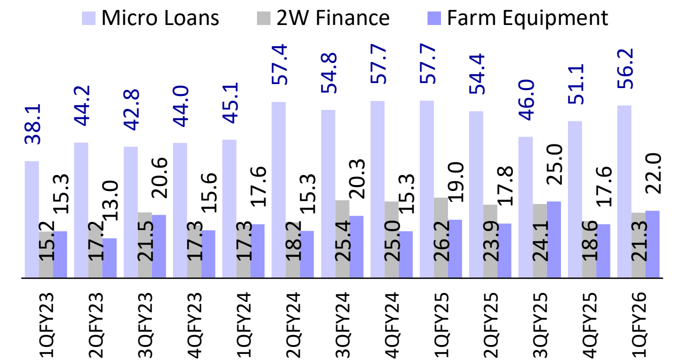
Source: MOFSL, Company

Exhibit 7: NS3 stable QoQ too (%)



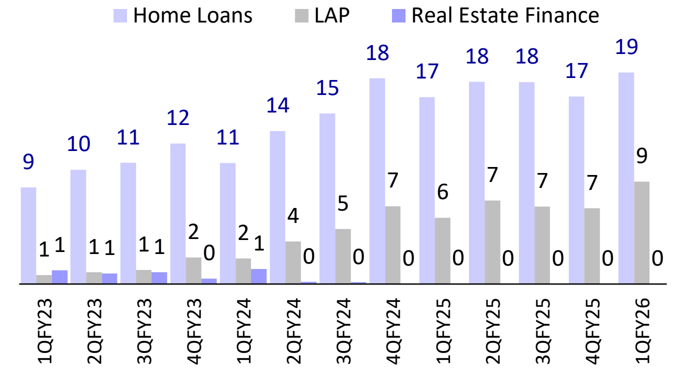
Source: MOFSL, Company

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



Source: MOFSL, Company

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



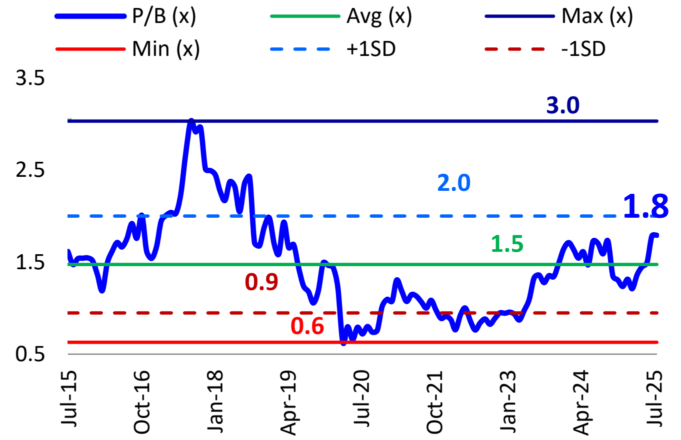
Source: MOFSL, Company

Exhibit 10: Our FY26/FY27 EPS estimates are broadly unchanged

INR b	Old estimates		New estimates		% change	
	FY26	FY27	FY26	FY27	FY26	FY27
Total Income	**114.5**	**141.9**	**114.2**	**139.8**	**-0.3**	**-1.5**
Operating Expenses	45.3	53.4	45.0	52.6	-0.7	-1.5
Operating Profits	**69.2**	**88.5**	**69.2**	**87.2**	**0.0**	**-1.5**
Provisions	28.0	34.2	28.1	32.8	0.2	-4.2
PBT	**41.2**	**54.3**	**41.1**	**54.4**	**-0.2**	**0.2**
Tax	10.0	13.2	10.0	13.2	-0.2	0.2
PAT	**31.2**	**41.1**	**31.1**	**41.2**	**-0.2**	**0.2**
Loan book	1,138	1,396	1,142	1,398	0.3	0.1
Borrowings	1,081	1,329	1,085	1,331	0.3	0.1

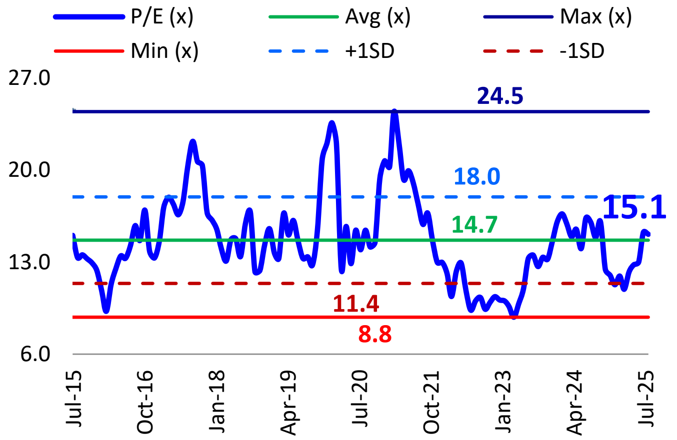
Source: MOFSL, Company

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	1,67,120	2,01,936
Interest Expended	68,600	75,136	71,999	57,494	57,972	53,772	59,968	68,256	79,724
Net Interest Income	**47,803**	**57,311**	**59,049**	**59,548**	**67,679**	**75,367**	**86,665**	**98,864**	**1,22,212**
Change (%)	39.8	19.89	3.0	0.8	13.7	11.4	15.0	14.1	23.6
Other Operating Income	13,494	8,594	5,732	6,053	3,569	6,667	12,610	15,104	17,338
Net Operating Income	**61,297**	**65,905**	**64,782**	**65,601**	**71,248**	**82,034**	**99,275**	**1,13,968**	**1,39,550**
Change (%)	28.7	7.5	-1.7	1.3	8.6	15.1	21.0	14.8	22.4
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**	**1,14,160**	**1,39,772**
Change (%)	33.7	8.1	2.0	-2.2	10.0	13.4	14.6	14.8	22.4
Operating Expenses	19,215	19,785	19,749	23,946	28,732	35,079	39,846	44,973	52,570
Operating Profits	**45,200**	**49,846**	**51,309**	**45,582**	**47,783**	**51,701**	**59,597**	**69,187**	**87,202**
Change (%)	31.8	10.3	2.9	-11.2	4.8	8.2	15.3	16.1	26.0
Provisions/write offs	14,681	23,046	36,357	30,833	25,404	21,410	24,684	28,079	32,767
PBT	**30,520**	**26,801**	**14,952**	**14,750**	**22,379**	**30,290**	**34,913**	**41,108**	**54,435**
Tax	8,200	9,798	5,463	4,256	6,464	7,119	8,478	9,989	13,228
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**	**31,119**	**41,207**
Change (%)	74.7	-23.8	-44.2	10.6	51.7	45.6	14.1	17.7	32.4
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**	**31,119**	**41,207**
Change (%)	75	-24	-44	13	52	43	14	18	32

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	2,54,950	2,88,066
Borrowings	**9,15,070**	**9,38,945**	**8,85,558**	**8,52,012**	**8,30,435**	**7,65,409**	**9,22,469**	**10,85,066**	**13,30,802**
Change (%)	21.6	2.6	-5.7	-3.8	-2.5	-7.8	20.5	17.6	22.6
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**	**13,92,215**	**16,72,396**
Loans	**9,13,246**	**9,14,625**	**8,70,303**	**8,24,694**	**7,51,546**	**8,13,594**	**9,37,731**	**11,42,175**	**13,97,902**
Change (%)	18.5	0.2	-4.8	-5.2	-8.9	8.3	15.3	21.8	22.4
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	1,18,139	1,35,999
Total Assets	**10,60,551**	**10,95,447**	**10,89,717**	**10,69,022**	**10,63,621**	**10,27,176**	**12,04,094**	**13,92,215**	**16,72,396**

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**	**11,95,995**	**14,63,771**
Change (%)	16.1	-0.7	-4.4	-6.0	-8.4	5.8	14.3	22.3	22.4
Rural	25.8	28.1	32.0	39.0	58.5	70.3	70.6	70.8	71.0
Housing	25.7	27.0	25.2	24.8	23.7	24.3	26.7	27.7	28.2
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	16.1	15.9
Avg. Cost-Int. Bear. Liab.	8.2	8.1	7.9	6.6	6.9	6.7	7.1	6.8	6.6
Loan Spreads	5.6	6.4	6.8	7.2	9.1	9.8	9.6	9.3	9.3
NIM on loans	5.7	6.3	6.6	7.0	8.6	9.6	9.9	9.5	9.6
Profitability Ratios (%)									
Int. Expended/Int.Earned	58.9	56.7	54.9	49.1	46.1	41.6	40.9	40.8	39.5
Other Inc./Net Income	25.8	17.7	16.9	14.4	11.5	13.2	12.8	13.4	12.6
Op. Exps./Net Income	29.8	28.4	27.8	34.4	37.6	40.4	40.1	39.4	37.6
Empl. Cost/Op. Exps.	42.9	53.7	51.0	47.5	49.1	51.5	55.6	57.2	58.7
Provisions/PPoP (%)	32.5	46.2	70.9	67.6	53.2	41.4	41.4	40.6	37.6
Asset Quality (%)									
Gross NPAs	55,490	50,370	45,040	35,430	38,320	26,980	32,180	28,723	34,150
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	7,170	8,567
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	75.0	74.9
ECL/EAD (%)									
Return ratios and Capitalisation (%)									
RoE	18.0	12.1	5.7	5.5	7.8	10.3	10.8	11.6	13.9
RoA	2.3	1.6	0.9	1.0	1.5	2.2	2.4	2.4	2.7
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	112.2	125.5
Price-BV (x)	**3.1**	**2.8**	**2.7**	**2.6**	**2.4**	**2.2**	**2.0**	**1.9**	**1.7**
EPS (INR)	11.2	8.5	3.8	4.3	6.5	9.3	10.6	12.5	16.5
EPS Growth YoY	74.4	-24.1	-54.7	12.6	51.2	42.4	13.8	17.7	32.4
Price-Earnings (x)	**18.6**	**24.5**	**54.1**	**48.1**	**31.8**	**22.3**	**19.6**	**16.7**	**12.6**
Dividend per share (INR)	1.0	0.9	0.0	0.5	2.0	2.5	2.8	3.2	4.1
Dividend yield (%)	**0.5**	**0.4**	**0.0**	**0.2**	**1.0**	**1.2**	**1.3**	**1.6**	**2.0**

E: MOFSL Estimates

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SELL	< - 10%
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