

L&T Finance

Estimate changes	↓
TP change	↔
Rating change	↔

Bloomberg	LTF IN
Equity Shares (m)	2494
M.Cap.(INRb)/(USDb)	364.3 / 4.2
52-Week Range (INR)	194 / 129
1, 6, 12 Rel. Per (%)	9/-11/-19
12M Avg Val (INR M)	1322

Financials Snapshot (INR b)

Y/E March	FY25E	FY26E	FY27E
Total Income	88.2	102.6	126.8
PPP	60.5	72.3	92.6
PAT	26.5	32.3	44.5
EPS (INR)	10.7	13.0	17.9
EPS Gr. (%)	14.5	21.6	37.8
BV/Sh. (INR)	102	112	127

Ratios

NIM (%)	10.0	9.8	9.7
C/I ratio (%)	40.6	39.5	37.0
RoAA (%)	2.4	2.5	2.8
RoE (%)	10.9	12.1	14.9
Payout (%)	26.5	23.5	19.5

Valuation

P/E (x)	13.7	11.3	8.2
P/BV (x)	1.4	1.3	1.1
Div. Yield (%)	1.9	2.1	2.4

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	66.3	66.3	65.9
DII	12.2	12.3	9.1
FII	5.3	6.7	10.7
Others	16.3	14.7	14.4

FII Includes depository receipts

CMP: INR146 **TP: INR180 (+23%)** **Buy**

Better MFI asset quality outcomes than peers

Stress in non-MFI retail product segments still evident

- L&T Finance's (LTF) 3QFY25 PAT declined 2% YoY to INR6.3b (~6% beat). PPOP grew ~11% YoY to ~INR14.8b (in line).
- Credit costs stood at INR6.5b (in line), translating into annualized credit costs of ~2.5% (PQ: 2.6% and PY: 2.5%). The company utilized macro-prudential provisions of INR1b during the quarter. Including macro-prudential provisions, credit costs stood at ~2.9%. LTF has guided for macro-prudential provision utilization of INR3b-3.5b in 4QFY25.
- Retail assets contributed ~97% to the loan mix (PQ: 96%). Retail loans grew ~23% YoY, led by healthy growth in tractors, HL, LAP, and personal loans. The company has started re-growing its personal loans book, up ~9% QoQ. Rural business loans (MFI) and 2W remained flat QoQ.
- Management shared that the stabilization of the MFI business is expected to take two-three more quarters, given ongoing turbulence at the industry level. Additionally, as the company shifts its focus to prime segments in 2W and expects a lower proportion of MFI in the loan mix, NIMs may contract. However, this NIM contraction can be mitigated from improvements in productivity, reductions in collection costs, and lower credit costs.
- LTF has maintained a disciplined approach to MFI business. Management expects stable MFI industry growth at ~15%-20% after the implementation of MFIN guardrails. We estimate a CAGR of ~21% in total loans and ~24% in PAT over FY24-FY27E, with consolidated RoA/RoE of 2.8%/~15% in FY27E. The company will continue to deliver a sustainable improvement in profitability and RoA expansion. **Retain BUY with a TP of INR180 (based on 1.5x Sept'26E BVPS).**

Asset quality largely stable; Retail GS3 stands at ~2.85%

- Consol. GS3 rose ~5bp QoQ to ~3.25% and NS3 was stable QoQ at ~1%. PCR was stable at ~71%. Retail GS3 was stable QoQ at 2.85%.
- We model credit costs (as % of average loans) of ~2.9%/2.8% in FY25/FY26E (compared to ~2.7% in FY24).

NIM contracts ~45bp QoQ; fee income down sequentially

- Reported NIM contracted ~45bp QoQ to 8.5%. However, consol. NIM + fees declined ~50bp QoQ to 10.3%, driven by lower fee income and lower MFI share in the loan mix.
- Spreads (calc.) declined ~10bp QoQ to ~8.8%. Yields (calc.) rose ~10bp QoQ to ~16.2%, while CoF (calc.) rose ~20bp QoQ to 7.3%. Management guided that NIMs may remain under pressure over the next few quarters as the proportion of MFI in the loan mix continues to decline. We model NIMs of ~9.8%/9.7% in FY26/27E (FY25E: ~10%).

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Key highlights from the management commentary

- Management expects MFI credit costs at ~INR9.5-10b in FY25. Additionally, the advance estimate of the utilization of macro prudential provisions in 4QFY25 is ~INR3.0-3.5b.
- LTF is working to increase its insurance distribution and is also putting together a technology platform for the same.
- Cyclops is set to be implemented for PL and SME business loans in the coming quarters. In this year, the company will prioritize operationalizing **Nostradamus**, an innovative, first-of-its-kind AI-driven portfolio management engine.

Valuation and view

- 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 24% over FY24-27, with consolidated RoA/RoE of 2.8%/~15% in FY27. Reiterate our **BUY rating on the stock with a TP of INR180 (based on 1.5x Sep'26E BVPS)**.

Quarterly performance

(INR M)

Y/E March	FY24				FY25E				FY24	FY25E	3QFY25E	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	39,156	1,29,139	1,48,290	36,910	3
Interest Expenses	13,638	13,249	13,534	13,351	13,514	14,763	15,692	16,154	53,772	60,123	15,796	-1
Net Interest Income	17,527	18,436	19,529	19,875	21,012	21,781	22,371	23,002	75,367	88,167	21,113	6
Change YoY (%)	14.3	11.9	7.2	12.6	19.9	18.1	14.6	15.7	11.4	17.0	8.1	
Other Operating Income	1,068	453	2,277	3,492	3,318	3,649	2,912	3,475	6,667	13,354	3,256	-11
Net Operating Income	18,596	18,889	21,805	23,367	24,330	25,431	25,283	26,477	82,034	1,01,521	24,369	4
Change YoY (%)	11.7	7.5	12.9	31.9	30.8	34.6	16.0	13.3	15.1	23.8	11.8	
Other income	1,535	2,682	473	56	2	47	76	208	4,745	332	237	-68
Total Income	20,130	21,572	22,278	23,422	24,332	25,477	25,359	26,685	86,779	1,01,853	24,606	3
Change YoY (%)	11.1	15.0	11.9	18.7	20.9	18.1	13.8	13.9	13.4	17.4	10.4	
Operating Expenses	7,782	8,598	8,896	9,803	9,656	9,578	10,578	11,542	35,079	41,354	10,141	4
Change YoY (%)	18.3	25.2	19.9	24.6	24.1	11.4	18.9	17.7	22.1	17.9	14.0	
Operating Profits	12,348	12,974	13,382	13,619	14,676	15,899	14,781	15,144	51,701	60,500	14,464	2
Change YoY (%)	6.9	9.1	7.2	7.3	18.9	22.5	10.5	11.2	6.3	17.0	8.1	
Provisions	5,212	5,000	5,142	6,679	5,453	6,504	6,542	6,947	21,410	25,446	6,512	0
Profit before Tax	7,136	7,974	8,240	6,940	9,223	9,396	8,239	8,196	30,290	35,054	7,952	4
Tax Provisions	1,831	2,032	1,847	1,410	2,370	2,429	1,983	1,736	7,119	8,518	2,044	-3
Profit after tax	5,309	5,951	6,402	5,539	6,855	6,967	6,257	6,460	23,171	26,536	5,909	6
Change YoY (%)	103	47	41	11	29	17	-2	17	43	15	-8	
Key Operating Parameters (%)												
Rep. Net Income (% of Avg Assets)	9.64	10.84	10.92	11.25	11.08	10.86	10.33					
Rep. Cost of funds (%)	7.77	7.79	7.81	7.82	7.85	7.80	7.83					
Cost to Income Ratio	38.7	39.9	39.9	41.9	39.7	37.6	41.7					
Rep Credit Cost	2.33	2.58	2.52	3.23	2.37	2.59	2.49					
Tax Rate	25.7	25.5	22.4	20.3	25.7	25.9	24.1					
Balance Sheet Parameters												
Gross Customer Assets (INR B)	786	787	818	856	887	930	951	991				
Change YoY (%)	-10.8	-12.6	-7.5	5.8	12.9	18.1	16.3	15.8				
Borrowings (INR B)	754	766	760	765	803	849	862	889				
Change YoY (%)	-7.8	-10.3	-11.9	-7.8	6.5	10.9	13.4	16.1				
Customer Assets /Borrowings (%)	104	103	108	112	110	110	110	112				
Asset Quality Parameters (%)												
GS 3 (INR B)	31.7	25.8	26.3	27.0	27.9	29.6	30.8					
Gross Stage 3 (%)	4.0	3.3	3.2	3.2	3.1	3.19	3.23					
NS 3 (INR B)	9.1	6.3	6.5	6.6	6.9	8.7	9.1					
Net Stage 3 (%)	1.6	0.8	0.8	0.8	0.8	1.0	0.97					
PCR (%)	71.4	75.7	75.3	75.5	75.3	70.6	70.6					
Return Ratios (%)												
ROAA	2.1	2.4	2.5	2.2	2.7	2.6	2.3					
ROAE	9.4	10.8	11.4	9.5	11.6	11.7	10.2					

MFI disbursements remain muted; HL up ~37% YoY

- Total disbursements in 3QFY25 grew ~2% YoY to ~INR152b, driven by ~5% YoY growth in retail disbursements. Wholesale disbursements were NIL during the quarter.
- Total loan book grew ~16% YoY and ~2% QoQ to ~INR951b. Wholesale loans continued to run down, declining ~28% YoY to ~INR29b (PQ: ~INR40b).
- In the retail segment, home loans, LAP, tractors, and personal loans continued to clock strong growth, with retail now contributing ~97% to the loan mix. We model a total loan CAGR of ~21% over FY24-27E.

MFI collection efficiency dips in Dec'24; LTF+4 customers stand at ~4%

- LTF noted that only ~3.9% (PQ: ~5.4%) of LTF's MFI customers have loans from five or more lenders (including LTF).
- MFI collection efficiency (0-90dpd) stood at ~97.9% in Dec'24 (vs. 98.3% in Sep'24).



Highlights from the management commentary

Guidance

- Total MFI credit costs will be INR9.5-10b in FY25; advance estimate of the utilization of macro prudential provisions is INR3.0-3.5b.
- NIM will remain under pressure over the next few quarters as the proportion of MFI in the loan mix will come down.
- Credit costs will remain in line with the last few quarters.

Microfinance - Why LTF's MFI performance has been divergent from the stress in the industry

- LTF has a high proportion of exclusive customers who are not leveraged. It does not rely on third-party origination of MFI loans.
- The company had started tightening its underwriting in MFI from Jan'24 itself and let go of repeat customers.
- It has been disciplined in its MFI business and shared that when any meeting center drops below CE of 98%, the focus shifts to collections and new disbursements are stopped.
- It also leverages extensive data analytics for geo-selection and customer selection.
- The company has also invested in a channel that gets fresh and non-leveraged customers (FSO channel) and helps it access villages that are not penetrated. LTF, in its business model, has built an automatic speed governor mechanism.

MFI - Business update

- When CE came down in Oct/Nov'24, there will be roll-forwards which will continue and will result in write-offs and credit costs. However, the roll-forward will slow down in 4Q (compared to 3Q). The peak of this MFI stress curve will happen between Jan, Feb and Mar'25.
- Kharif arrivals have been good and there is reasonable amount of liquidity in the system. LTF expects that there will be a soft landing in the MFI sector.
- Implementation of MFIN guardrails will lead to better credit quality at the cost of lower growth.
- Evaluating taking the CGTMSE cover to protect its portfolio from external stress events.
- LTF has pushed 900 collectors on the ground. And the LTF + ≥ 3 portfolio will orderly wind down in the next 2-3 quarters.
- In its MFI business, accounts per collector declined from 560 to 480.

Microfinance Industry - Pace after the dust settles down

- A safe growth rate of this business is 15-20%.
- After MFIN guardrails are implemented in Apr'25, the industry may grow around 15-20%
- LTF has already reduced its yields -- the lowest rate is 16% and the highest rate is 23%. Some of the supernormal yields that it would have seen in other franchises will be reduced over time.

Personal Loans

- The company will not give PLs to any non-prime segment customers. About 99% of customers in its DSA channel are salaried and target in partnerships is Prime Salaried.
- PL scale-up will be risk-calibrated and gradual.
- LTF is confident of its current quality of sourcing in PL. The net non-starter is as low as ~40bp in the newly originated PL book.
- ATS in PL is INR250k, with average yields of 17% and average tenor of 30 months.

Two Wheelers

- The company had started moving toward Prime in 2W in Sep'23. In Apr/May'24, it saw some spike in 2W delinquencies, which then improved by Aug/Sep'24.
- Trade advances are given to dealers, which declined by ~INR3.5b after the festive period.

Business Update

- LTF's diversified franchise has enabled it to achieve the highest festive quarter disbursements, with retail disbursements up 5% YoY.
- Some of its digital initiatives can be transformational when successfully completed. Cyclopes has been extended to 100% of the dealerships in 2W finance and it has also started extending it to tractor finance as well.
- Commenced work on Project Nostradamus, its risk management system.
- Retailization stood at 97% and Retail book grew 23% YoY.
- 3QFY25 - RBF disbursements were calibrated downwards. However, the momentum remained strong in tractors, PL and Home Loans.
- In the 2W segment, 69% of the disbursements in Dec'24 were toward the Prime segment, which increased to 75% in Jan'25.
- Retail GS3/NS3 were sequentially stable.
- Credit costs in the last 12 quarters have been in the range of 2.6%, which brings more predictability to earnings.
- Guided for normalized RoA of 2.8%-3.0%

Financial Updates

- Consolidated NIM was 10.33% (10.86% in 2Q), owing to a conscious shift in the disbursement and book mix.
- Retail stood at INR922.24b, up 23% YoY. Consolidated loan book rose 16% YoY.
- Consolidated RoE stood at ~10.2%, down ~1.1% YoY.
- Rural Business Finance: Disbursements stood at INR46b, down 16% YoY. Loan book stood at INR262.3b, down 1% QoQ and up 14% YoY.
- 2W: Disbursements stood at INR24.14b, down 5% YoY, particularly due to the strengthening of documentation process and better underwriting and a shift toward prime customers.
- PL: Large partnerships have started contributing in the PL business. Partnerships contributed ~12% in Dec'24 (vs. 3% in Sep'24)
- SME Business: Disbursements rose 29% YoY. Growth in business volumes was driven by the addition of more distribution channels to diversify the sourcing mix.

ARC sale and provision reversal, which was P&L Neutral

- 85% of the sales to ARC came in the form of Security Receipts (SR).
- INR2.5b was reversed to P&L and the same amount of provisions was created on SR.
- This pool had principal outstanding of INR7.76b and EAD was INR8.15b. This was sold to the ARC for INR8.33b.
- 85% of INR8.33b (INR7.08b of SR) was booked under investments.
- INR180m of profit and INR2.5b (provision reversal), totaling to INR2.68b was adjusted and the net value of the SR stood at INR4.4b
- No credit was taken in P&L and all of it was adjusted against SRs outstanding.
- This ARC transaction was for accounts in the Wholesale Real Estate book.

Project Cyclops

- The full benefit (on the technology side) is still not visible since there is a legacy book on the balance sheet. It will take a couple of quarters to fully fructify. As this book starts seasoning, credit costs will start declining.
- Bounce rates have been coming down in the 2W business. Net non-starters in the farm portfolio have declined by 75% over the last one year.
- Cyclops will be implemented for personal loans and SME business loans in the coming quarters. In this year, its focus will be on operationalizing Nostradamus – a first of its kind, AI-driven portfolio management engine.
- Implementing Cyclops in PL and SME also in this quarter.
- LTF will start seeing the benefit of Cyclops from 2HFY26 onward. Replenishment of the portfolio with better credit fundamentals takes 4-6 quarters. The company is already 2-3 quarters into its Cyclops journey and it will take another 2-3 quarters for the headline impact of Cyclops to be visible.
- Building blocks are already in place. Now it is in the process of optimizing those building blocks.

NIM and Fees

- LTF is working on increasing its insurance distribution and putting together a technology platform for the same.
- Micro-LAP: It is trying to grow. PL has been growing quite well - the large partnerships have been scaling up well.
- Even though there are some markets in MFI that have exhibited stress, there are new markets like AP/Telangana, Western UP, and Western Maharashtra, where LTF continues to grow.
- Repo rate cuts will ease the challenge a little bit on the NIM side.
- NIM + Fees might be slightly lower, but the Opex + Credit costs will also be lower. RoA can improve to 2.8%-3.0%.
- Depending on when the MFI business stabilizes - it still sees 2-3 quarters of turbulence at the industry level. Also that the company is moving toward prime in 2W. NIM would be lower, but the decline in NIM can be mitigated from improvement in productivity, lower collection costs and lower credit costs.

Asset Quality - Credit costs and write-offs

- The roll-forwards have been happening in Rural Business Finance.

- Write-offs are distributed across product segments. Write-offs of INR3b in the MFI business and the rest of the write-offs have been equitably distributed across other retail products. There is no one product that is facing stress.
- Farm, 2W and PL will see challenges and thereafter things will start getting better.

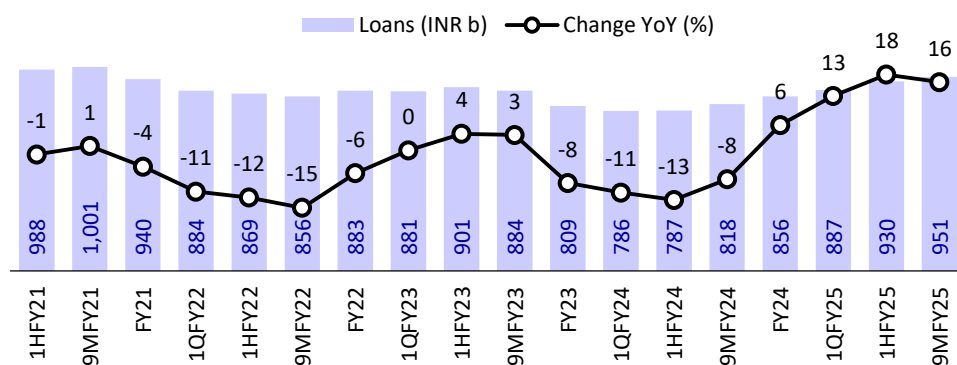
Others

- LTF will choose caution over growth and will give clear guidance on retail loan growth after 4Q results.
- Insurance fee income contributed 1% (as % of the assets)
- On the Farm Portfolio, it has stopped the repossession in 90+. There will be an impact on asset quality in 4Q.
- In steady state, it wants to get to debt-equity of 5x and leverage of 6x.
- Write-off policy is that once an asset is fully provided for, it is eligible for technical write-offs. The company makes 100% provisioning on the MFI portfolio after it crosses 90dpd.
- From Apr'25, the overall INR200k capping guideline comes into effect in MFI.
- Cyclops is implemented in 2W and going forward, it will be implemented in PL and SME.
- On the Farm Portfolio, it has stopped the repossession in 90+. Impact will be there in 4QFY25.

Key exhibits

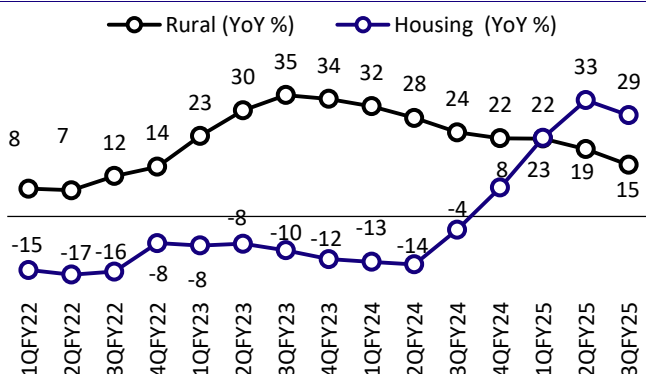
Loan book grew 16% YoY to
~INR951b

Exhibit 1: Loan book grew 16% YoY, driven by retail (%)



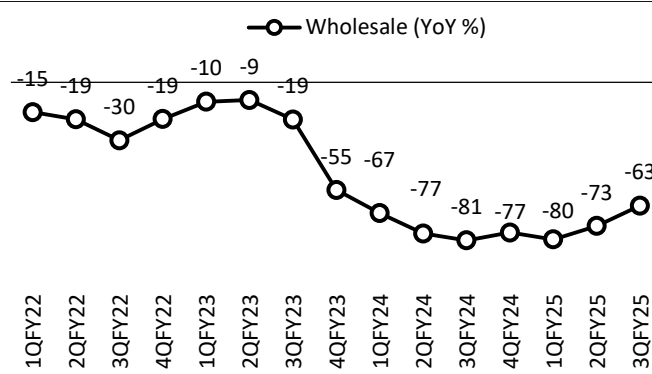
Source: MOFSL, Company

Exhibit 2: Housing finance book (including wholesale RE) grew ~29% YoY



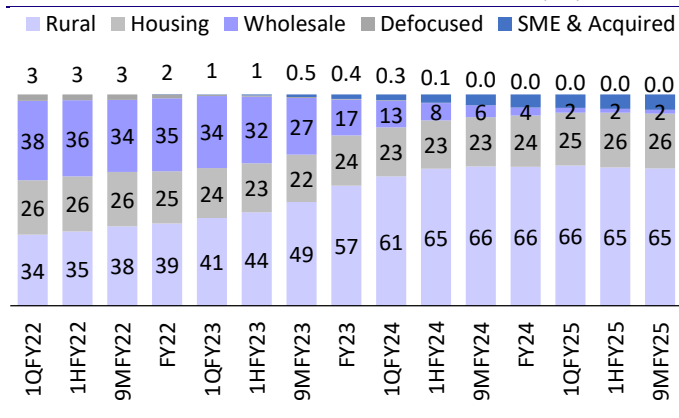
Source: MOFSL, Company

Exhibit 3: Wholesale book declined 63% YoY



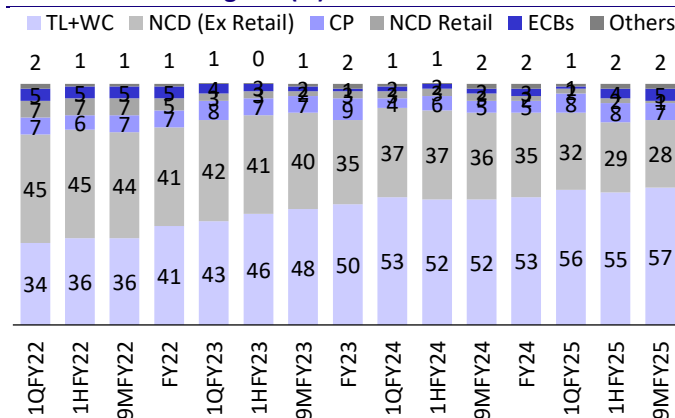
Source: MOFSL, Company

Exhibit 4: Rural Finance in loan mix was stable QoQ

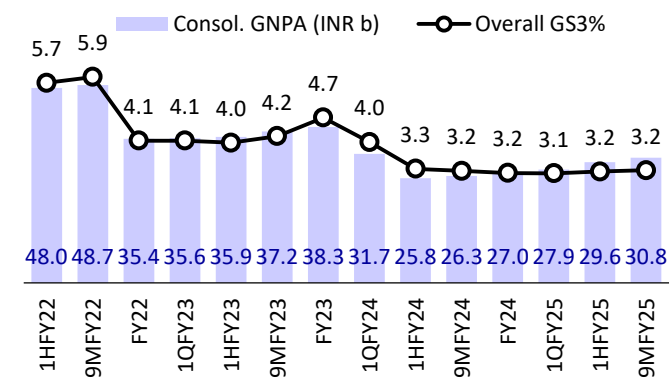


Source: MOFSL, Company

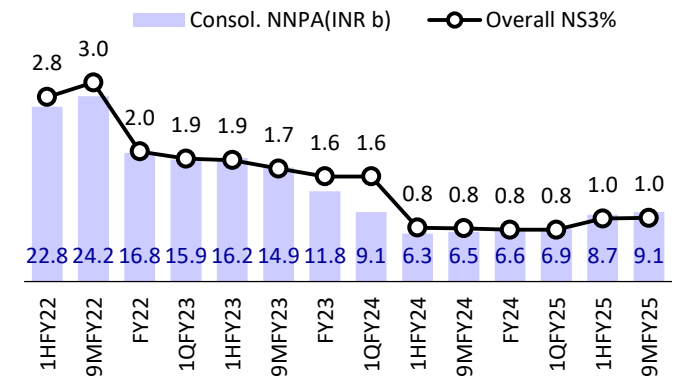
Exhibit 5: Borrowing mix (%)



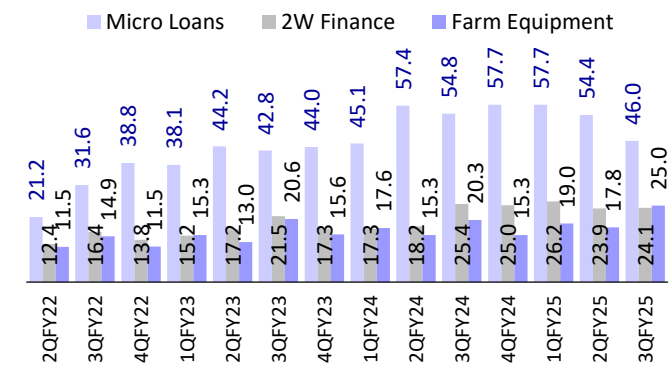
Source: MOFSL, Company

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

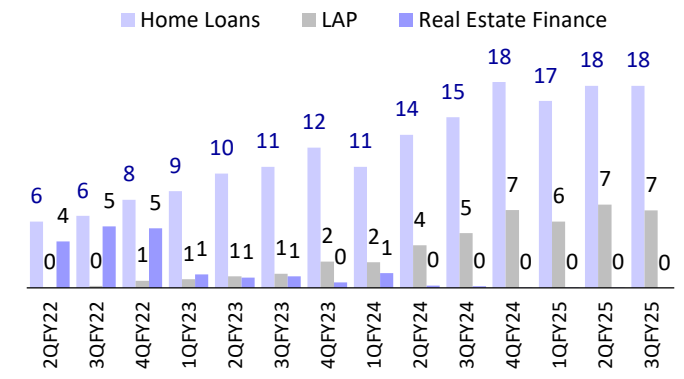
Source: MOFSL, Company

Exhibit 7: NS3 was stable QoQ (%)

Source: MOFSL, Company

Exhibit 8: Micro-loan disbursement was muted because of sectoral stress (INR b)

Source: MOFSL, Company

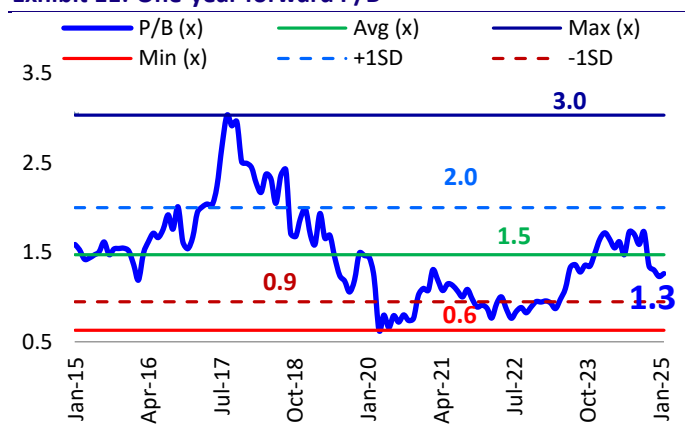
Exhibit 9: Home loans disbursements flat QoQ (INR b)

Source: MOFSL, Company

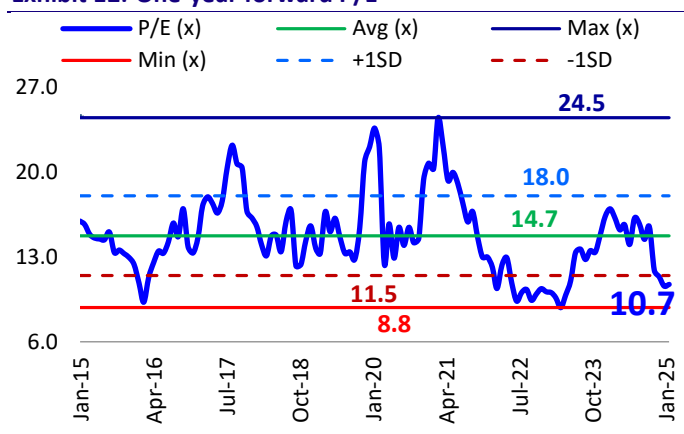
Exhibit 10: We cut our FY26/FY27 EPS estimates by ~5%/4% to factor in lower loan growth and some NIM compression

INR b	Old estimates			New estimates			% change		
	FY25	FY26	FY27	FY25	FY26	FY27	FY25	FY26	FY27
Total Income	99.8	124.2	153.7	101.9	119.6	147.0	2.1	-3.8	-4.4
Operating Expenses	40.7	47.6	54.2	41.4	47.2	54.4	1.6	-0.8	0.3
Operating Profits	59.1	76.7	99.5	60.5	72.3	92.6	2.4	-5.6	-6.9
Provisions	24.6	31.5	38.0	25.4	29.7	33.9	3.4	-5.6	-11
PBT	34.5	45.2	61.4	35.1	42.6	58.7	1.7	-5.7	-4.4
Tax	8.6	11.3	15.4	8.5	10.4	14.3	-1.2	-8.3	-7.0
PAT	25.9	33.9	46.1	26.5	32.3	44.5	2.6	-4.8	-3.5
Loan book	982	1,242	1,576	941	1,159	1,447	-4.2	-6.7	-8.2
Borrowings	928	1,184	1,505	889	1,104	1,380	-4.3	-6.8	-8.3

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	FY25E	FY26E	FY27E
Interest Income	1,16,403	1,32,447	1,31,049	1,17,042	1,25,651	1,29,139	1,48,290	1,74,355	2,15,002
Interest Expended	68,600	75,136	71,999	57,494	57,972	53,772	60,123	71,723	88,178
Net Interest Income	47,803	57,311	59,049	59,548	67,679	75,367	88,167	1,02,632	1,26,824
Change (%)	39.8	19.89	3.0	0.8	13.7	11.4	17.0	16.4	23.6
Other Operating Income	13,494	8,594	5,732	6,053	3,569	6,667	13,354	16,554	19,754
Net Operating Income	61,297	65,905	64,782	65,601	71,248	82,034	1,01,521	1,19,186	1,46,577
Change (%)	28.7	7.5	-1.7	1.3	8.6	15.1	23.8	17.4	23.0
Other Income	3,118	3,726	6,276	3,928	5,268	4,745	332	382	439
Net Income	64,415	69,632	71,058	69,529	76,515	86,779	1,01,853	1,19,568	1,47,017
Change (%)	33.7	8.1	2.0	-2.2	10.0	13.4	17.4	17.4	23.0
Operating Expenses	19,215	19,785	19,749	23,946	28,732	35,079	41,354	47,229	54,398
Operating Profits	45,200	49,846	51,309	45,582	47,783	51,701	60,500	72,339	92,618
Change (%)	31.8	10.3	2.9	-11.2	4.8	8.2	17.0	19.6	28.0
Provisions/write offs	14,681	23,046	36,357	30,833	25,404	21,410	25,446	29,724	33,879
PBT	30,520	26,801	14,952	14,750	22,379	30,290	35,054	42,615	58,739
Tax	8,200	9,798	5,463	4,256	6,464	7,119	8,518	10,355	14,274
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	26,536	32,259	44,466
Change (%)	74.7	-23.8	-44.2	10.6	51.7	45.6	14.5	21.6	37.8
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	26,536	32,259	44,466
Change (%)	75	-24	-44	13	52	43	15	22	38

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	2,29,808	2,55,036	2,91,920
Borrowings	9,15,070	9,38,945	8,85,558	8,52,012	8,30,435	7,65,409	8,88,608	11,03,694	13,80,187
Change (%)	21.6	2.6	-5.7	-3.8	-2.5	-7.8	16.1	24.2	25.1
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	11,72,012	14,13,717	17,28,554
Loans	9,13,246	9,14,625	8,70,303	8,24,694	7,51,546	8,13,594	9,41,322	11,59,342	14,46,737
Change (%)	18.5	0.2	-4.8	-5.2	-8.9	8.3	15.7	23.2	24.8
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	94,822	1,11,712	1,32,022
Total Assets	10,60,551	10,95,447	10,89,717	10,69,022	10,63,621	10,27,176	11,72,012	14,13,717	17,28,554

E: MOSL Estimates

Financials and Valuation

AUM Mix							(%)		
AUM Details	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Asset Under Management	9,91,220	9,83,850	9,40,140	8,83,400	8,08,930	8,55,640	9,90,865	12,20,360	15,22,881
Change (%)	16.1	-0.7	-4.4	-6.0	-8.4	5.8	15.8	23.2	24.8
Rural	25.8	28.1	32.0	39.0	58.5	70.3	70.8	70.2	69.9
Housing	25.7	27.0	25.2	24.8	23.7	24.3	26.6	28.2	29.3
Focused - Wholesale	38.0	39.5	39.9	34.5	17.0	3.7	1.3	0.5	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	FY25E	FY26E	FY27E
Spreads Analysis (%)									
Avg. Yield on Loans	13.8	14.5	14.7	13.8	15.9	16.5	16.9	16.6	16.5
Avg. Cost-Int. Bear. Liab.	8.2	8.1	7.9	6.6	6.9	6.7	7.3	7.2	7.1
Loan Spreads	5.6	6.4	6.8	7.2	9.1	9.8	9.6	9.4	9.4
NIM on loans	5.7	6.3	6.6	7.0	8.6	9.6	10.0	9.8	9.7
Profitability Ratios (%)									
Int. Expended/Int.Earned	58.9	56.7	54.9	49.1	46.1	41.6	40.5	41.1	41.0
Other Inc./Net Income	25.8	17.7	16.9	14.4	11.5	13.2	13.4	14.2	13.7
Op. Exps./Net Income	29.8	28.4	27.8	34.4	37.6	40.4	40.6	39.5	37.0
Empl. Cost/Op. Exps.	42.9	53.7	51.0	47.5	49.1	51.5	54.6	56.4	57.8
Provisions/PPoP (%)	32.5	46.2	70.9	67.6	53.2	41.4	42.1	41.1	36.6
Asset Quality (%)									
Gross NPAs	55,490	50,370	45,040	35,430	38,320	26,980	26,511	29,175	35,310
Gross NPAs to Adv.	5.9	5.3	5.0	4.2	4.7	3.2	2.8	2.5	2.4
Net NPAs	21,740	20,780	13,770	16,780	11,780	6,610	7,117	7,312	8,935
Net NPAs to Adv.	2.4	2.3	1.6	2.0	1.6	0.8	0.8	0.6	0.6
PCR (%)	60.8	58.7	69.4	52.6	69.3	75.5	73.2	74.9	74.7
ECL/EAD (%)									
Return ratios and Capitalisation (%)									
RoE	18.0	12.1	5.7	5.5	7.8	10.3	10.9	12.1	14.9
RoA	2.3	1.6	0.9	1.0	1.5	2.2	2.4	2.5	2.8
Debt to Equity (x)	6.8	6.4	4.7	4.3	3.9	3.3	3.5	3.9	4.4
Average Assets/Equity (x)	7.8	7.7	6.5	5.6	5.1	4.6	4.5	4.8	5.3
VALUATION							FY25E	FY26E	FY27E
Book Value (INR)	67.3	73.3	76.0	80.6	86.8	94.2	102.3	112.5	127.3
Price-BV (x)	2.2	2.0	1.9	1.8	1.7	1.6	1.4	1.3	1.1
EPS (INR)	11.2	8.5	3.8	4.3	6.5	9.3	10.7	13.0	17.9
EPS Growth YoY	74.4	-24.1	-54.7	12.6	51.2	42.4	14.5	21.6	37.8
Price-Earnings (x)	13.1	17.2	38.0	33.7	22.3	15.7	13.7	11.3	8.2
Dividend per share (INR)	1.0	0.9	0.0	0.5	2.0	2.5	2.8	3.0	3.5
Dividend yield (%)	0.7	0.6	0.0	0.3	1.4	1.7	1.9	2.1	2.4

E: MOSL Estimates

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