

Steering through challenging external conditions

BFSI - NBFCs ▶ Result Update ▶ **January 21, 2025**
TARGET PRICE (Rs): 140

LTF delivered an in-line performance in Q3FY25, in terms of AUM growth, PAT, and credit cost. However, ongoing stress in the MFI segment is expected to keep near-term asset growth below the targeted growth of 25%. Slower disbursement in the MFI segment, focus on acquiring prime customer, and changing asset mix would keep margins under pressure, as evidenced in the ~50bps contraction in NIM + fees during Q3FY25. Credit cost for the Quarter was stable at ~2.8%, and the management expects it to peak-out in Q4, while utilizing ~Rs3-3.5bn from its macro prudential buffer (utilized Rs1bn in Q3). LTF is confident that its strategy of acquiring prime customer and implementation of its tech 'Cyclops' across the product segment will help reduce acquisition and credit costs, thereby helping it achieve its RoA target of 2.8-3% in the medium term. Factoring in the current challenges, along with growth and margin expectations, we cut FY25-27E EPS by 2-4%, and maintain REDUCE. We revise down Dec-25E TP to Rs140 (vs Rs150 earlier), implying FY26E P/ABV of 1.3x.

L&T Finance: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Net profits	15,365	23,171	26,374	32,696	41,213
AUM growths (%)	(8.4)	5.8	16.9	21.2	20.6
NII growths (%)	13.7	11.4	17.5	16.7	21.0
NIMs (%)	8.9	10.4	11.0	10.6	10.5
PPOP growth (%)	72.1	(30.2)	17.6	13.7	21.7
Adj. EPS (Rs)	6.5	9.3	10.7	13.2	16.6
Adj. EPS growth (%)	51.3	42.0	14.8	23.8	25.9
Adj. BV (INR)	84.8	92.6	100.3	109.5	121.1
Adj. BVPS growth (%)	7.7	8.7	8.2	9.2	10.6
RoA (%)	1.5	2.2	2.4	2.6	2.7
RoE (%)	7.8	10.3	10.9	12.4	14.2
P/E (x)	22.3	15.7	13.7	11.0	8.8
P/ABV (x)	1.7	1.6	1.4	1.3	1.2

Source: Company, Emkay Research

Broadly in-line performance led by lower credit cost

LTF reported a broadly in-line PAT of Rs 6.3bn, supported by lower credit costs; however, margins and operating expenses (opex) faced pressure due to stress in the MFI segment, evident in the ~50bps contraction in NIM + fees (Q3FY25: 10.33% vs Q2FY25: 10.86%). Elevated opex was driven by higher spending on collections, festive activities, and ongoing investments in technology. Credit costs were stable at ~2.8%, with ~Rs1bn utilized from the macro-prudential buffer. Additionally, in its wholesale book, LTF transferred an asset to ARC for a consideration of Rs8.3bn (net value of Rs4.4bn as investment). Asset quality was steady, with GS3/NS3 at 3.23%/0.97%, respectively, and provision coverage ratio (PCR) of ~71%.

Pressure due to stress in MFI segment expected to persist for some time

The management maintains its guidance of Rs9.5-10bn in credit losses for the MFI segment, and expects to utilize ~Rs3-3.5bn from its macro-prudential provisions in Q4. It remains optimistic about credit costs peaking in Q4, driven by improving collection efficiency, declining share of LTF+3 customers, and better recoveries. The management also highlighted that implementation of the new MFIN guardrails in Apr-25 is expected to improve the credit quality of the industry, albeit with a marginal increase in credit costs. In terms of asset growth despite a slowdown in MFI disbursements, AUM is projected to grow in a risk-calibrated manner, with higher growth driven by newer segments. The implementation of its new strategy, adoption of technology (Cyclops), a changing asset mix, and focus on acquiring prime customers are expected to exert pressure on margins and keep opex elevated in the near term.

We marginally trim FY25-27E earnings by ~2-4%; maintain REDUCE

To reflect the Q3 performance, implementation of the new strategy, and developments in the MFI segment, we marginally revise our disbursement and AUM growth estimates downward for FY26-27E, and increase our credit cost estimates; this results in a ~2-4% cut in EPS and a ~10-40bps cut in RoE, over FY25-27E. We maintain REDUCE on the stock, with revised down Dec-25E TP of Rs140 (Rs150 earlier), implying FY26E P/ABV of 1.3x.

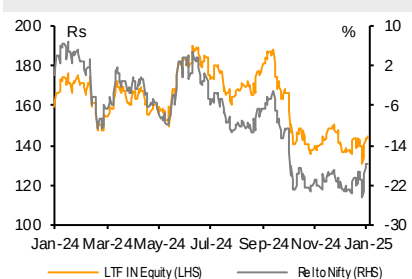
Target Price – 12M	Dec-25
Change in TP (%)	(6.7)
Current Reco.	REDUCE
Previous Reco.	REDUCE
Upside/(Downside) (%)	(4.1)
CMP (21-Jan-25) (Rs)	146.0

Stock Data	Ticker
52-week High (Rs)	194
52-week Low (Rs)	129
Shares outstanding (mn)	2,494.3
Market-cap (Rs bn)	364
Market-cap (USD mn)	4,206
Net-debt, FY25E (Rs mn)	9,755
ADTV-3M (mn shares)	8
ADTV-3M (Rs mn)	1,133.5
ADTV-3M (USD mn)	13.1
Free float (%)	-
Nifty-50	23,025
INR/USD	86.6
Shareholding, Dec-24	
Promoters (%)	66.3
FPIs/MFs (%)	5.3/12.2

Price Performance

(%)	1M	3M	12M
Absolute	7.0	(7.5)	(12.5)
Rel. to Nifty	9.6	(0.4)	(18.0)

1-Year share price trend (Rs)


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Exhibit 1: Actual vs Estimates

LTFH - Q3FY25 results update	Actual					Change		Emkay Estimate	
(Rs mn)	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	QoQ	YoY	3QFY25E	Variation
NII	19,529	19,875	21,012	21,781	22,371	3%	15%	22,108	1%
Net Income	22,278	23,422	24,332	25,477	25,359	0%	14%	25,162	1%
Opex	8,896	9,803	9,656	9,578	10,578	10%	19%	9,828	8%
PPOP	13,382	13,619	14,676	15,899	14,781	-7%	10%	15,335	-4%
Provision	5,142	6,679	5,453	6,504	6,542	1%	27%	6,768	-3%
PBT	8,240	6,940	9,223	9,396	8,239	-12%	0%	8,566	-4%
PAT	6,402	5,530	6,853	6,967	6,257	-10%	-2%	6,365	-2%
AUM	817,790	855,640	887,170	930,140	951,200	2%	16%	949,410	0.2%
Disbursement	148,650	153,660	150,190	151,640	152,100	0%	2%	152,574	-0.3%
Retail AUM	747,590	800,360	844,450	889,760	922,240	4%	23%	922,000	0.0%
Retail Disbursement	145,310	150,430	148,390	150,920	152,100	1%	5%	151,710	0.3%
NIMs +fees	11.10%	11.20%	11.17%	11.22%	10.78%	-43bps	-32bps	10.7%	7bps
Credit Cost (calculated)	2.56%	3.19%	2.50%	2.86%	2.78%	-8bps	22bps	2.9%	-10bps
GS3	3.21%	3.15%	3.14%	3.19%	3.23%	4bps	2bps	3.3%	-2bps
NS3	0.81%	0.79%	0.79%	0.96%	0.97%	1bps	16bps	1.0%	-3bps
PCR	75.32%	75.50%	75.33%	70.58%	70.6%	-1bps	-475bps	70.0%	57bps

Source: Company, Emkay Research

Exhibit 2: Valuation matrix

	CMP/TP (Rs)	Upside	Mkt Cap (Rs bn)	P/ABV (x)			P/E (x)			RoA (%)			RoE (%)			Adjusted Book Value (Rs/sh)			Adj EPS (Rs)		
				FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
At current market price	146.0	-4.1%	364.2	1.5	1.3	1.2	13.7	11.0	8.8	2.4	2.6	2.7	10.9	12.4	14.2	100.3	109.5	121.1	10.7	13.2	16.6
At target price	140.0			1.4	1.3	1.2	13.1	10.6	8.4	2.4	2.6	2.7	10.9	12.4	14.2	100.3	109.5	121.1	10.7	13.2	16.6

Source: Company, Emkay Research

Exhibit 3: Change in estimates

Y/E Mar (Rs mn)	FY25E			FY26E			FY27E		
	Earlier	Revised	Change	Earlier	Revised	Change	Earlier	Revised	Change
AUM	1,000,477	1,000,477	0.0%	1,225,820	1,212,986	-1.0%	1,472,907	1,462,322	-0.7%
Disbursement	626,070	626,070	0.0%	732,910	724,224	-1.2%	880,227	874,833	-0.6%
Disbursement growth (%)	11.2	11.2	0bps	17.1	15.7	-139bps	20	20.8	70bps
AUM Growth (%)	16.9	16.9	0bps	22.5	21.2	-128bps	20	20.6	40bps
Networth	254,711	253,601	-0.4%	279,020	276,996	-0.7%	309,199	306,489	-0.9%
Net interest income	87,993	88,557	0.6%	103,877	103,370	-0.5%	126,879	125,126	-1.4%
Total Income	101,072	101,636	0.6%	117,467	116,873	-0.5%	141,801	140,317	-1.0%
Operating Exp	40,065	40,834	1.9%	47,505	47,763	0.5%	56,370	56,180	-0.3%
PPOP	61,007	60,802	-0.3%	69,962	69,110	-1.2%	85,430	84,137	-1.5%
Provision	24,016	25,306	5.4%	24,728	25,104	1.5%	29,037	28,669	-1.3%
PAT	27,484	26,374	-4.0%	33,609	32,696	-2.7%	41,900	41,213	-1.6%
EPS (Rs)	11.1	10.7	-4.0%	13.6	13.2	-2.7%	17	16.6	-1.6%
BV (Rs)	102.3	101.9	-0.4%	112.1	111.3	-0.7%	124	123.1	-0.9%
NIM (%)	9.48	9.54	6bps	9.33	9.34	1bps	9.40	9.35	-5bps
NIMs + Fees (%)	10.89	10.95	6bps	10.55	10.56	1bps	10.51	10.49	-2bps
Cost-to-income ratio (%)	39.64	40.18	54bps	40.44	40.87	43bps	39.75	40.04	28bps
Opex-to-AUM	4.32	4.40	8bps	4.27	4.32	5bps	4.18	4.20	2bps
Credit Costs (%)	2.59	2.73	14bps	2.22	2.27	5bps	2.15	2.14	-1bps
ROA (%)	2.51	2.41	-10bps	2.62	2.56	-6bps	2.76	2.74	-2bps
ROE (%)	11.32	10.89	-43bps	12.67	12.40	-27bps	14.31	14.19	-12bps

Source: Company, Emkay Research

Exhibit 4: Quarterly earnings summary

(Rs mn)	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	% YoY	% QoQ
Income from operations	33,063	33,226	34,526	36,544	38,064	15.1%	4.2%
Interest Expenses	13,534	13,351	13,514	14,763	15,692	15.9%	6.3%
Net Interest Income	19,529	19,875	21,012	21,781	22,371	14.6%	2.7%
Other Income	2,750	3,547	3,320	3,696	2,988	8.7%	-19.2%
Total Income	22,278	23,422	24,332	25,477	25,359	13.8%	-0.5%
Operating Expenses	8,896	9,803	9,656	9,578	10,578	18.9%	10.4%
PPoP	13,382	13,619	14,676	15,899	14,781	10.5%	-7.0%
Provisions	5,142	6,679	5,453	6,504	6,542	27.2%	0.6%
Credit costs	2.6%	3.2%	2.5%	2.9%	2.8%	22bps	-8bps
PBT	8,240	6,940	9,223	9,396	8,239	0.0%	-12.3%
Tax	1,847	1,410	2,370	2,429	1,983	7.4%	-18.4%
Tax rate (%)	22.4%	20.3%	25.7%	25.9%	24.1%		
Profit after tax	6,394	5,530	6,853	6,967	6,257	-2.1%	-10.2%
Share of profit from associates/MI	8	0	0	0	0		
PAT adjusting for one-offs	6,402	5,530	6,853	6,967	6,257	-2.3%	-10.2%
AUM	817,790	855,640	887,170	930,140	951,200	16.3%	2.3%
Disbursement	148,650	153,660	150,190	151,640	152,100	2.3%	0.3%
Networth	228,600	234,384	235,290	242,678	249,102	9.0%	2.6%
Credit cost	2.56%	3.19%	2.50%	2.86%	2.78%	22bps	-8bps
GS3	3.21%	3.15%	3.14%	3.19%	3.23%	2bps	4bps
NS3	0.81%	0.79%	0.79%	0.96%	0.97%	16bps	1bps
PCR	75.3%	75.5%	75.3%	70.6%	70.6%	-475bps	-1bps

Source: Company, Emkay Research

Exhibit 5: AUM trend

AUM mix (Rs bn)	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
Overall AUM	880	806	783	787	818	856	887	930	951
Growth	-2%	-8%	-3%	0%	4%	5%	4%	5%	2%
Retail	570	611	643	694	748	800	844	890	922
Retail growth	10%	7%	5%	8%	8%	7%	6%	5%	4%
Retail AUM as a % of overall AUM	65%	76%	82%	88%	91%	94%	95%	96%	97%
Wholesale	310	195	140	93	70	55	43	40	29
Wholesale growth	-18%	-37%	-28%	-34%	-24%	-21%	-23%	-5%	-28%
Wholesale AUM as a % of overall AUM	35%	24%	18%	12%	9%	6%	5%	4%	3%

Source: Company, Emkay Research

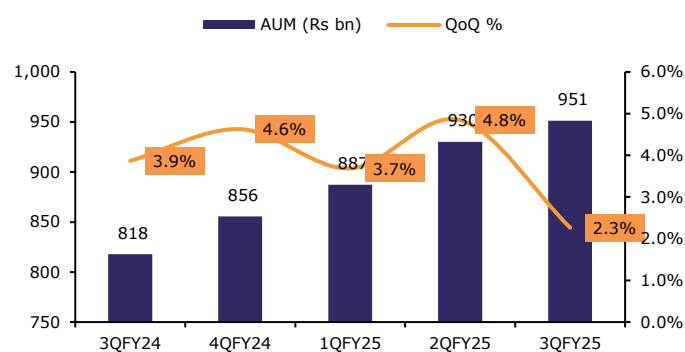
Exhibit 6: Disbursement trend

(Rs mn)	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
Retail Disbursement	116,090	112,820	111,920	135,000	145,310	150,430	148,390	150,920	152,100
Growth	13.4%	-2.8%	-0.8%	20.6%	7.6%	3.5%	-1.4%	1.7%	0.8%
Overall Disbursement	131,570	123,100	123,640	136,960	148,650	153,660	150,190	151,640	152,100
Growth	19.1%	-6.4%	0.4%	10.8%	8.5%	3.4%	-2.3%	1.0%	0.3%

Source: Company, Emkay Research

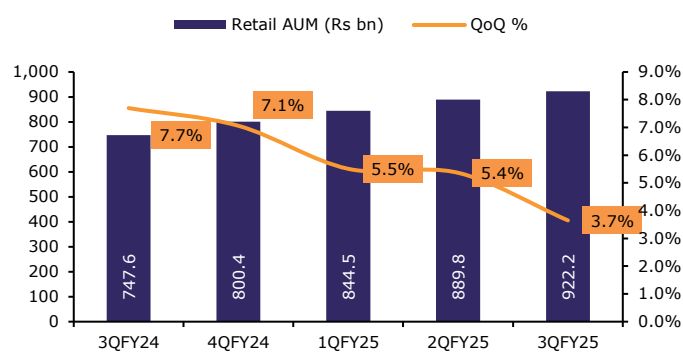
Result in charts

Exhibit 7: Growth momentum impacted by stress in the MFI segment



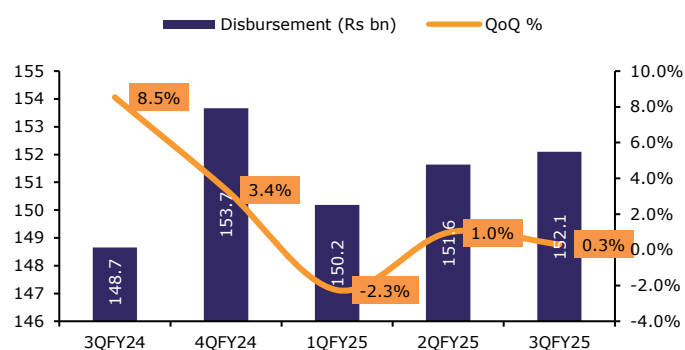
Source: Company, Emkay Research

Exhibit 8: Retail assets now contribute to 97% of the overall AUM



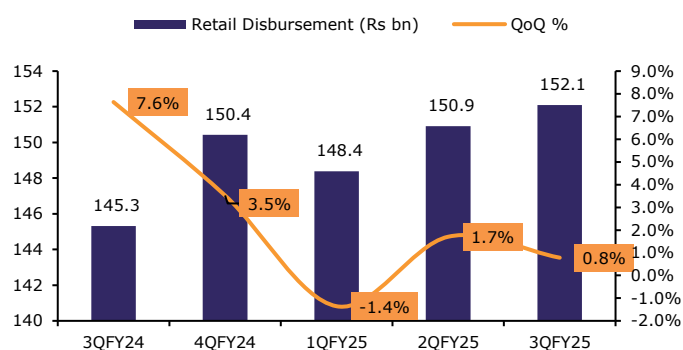
Source: Company, Emkay Research

Exhibit 9: Overall disbursement impacted by slow disbursement in the MFI segment



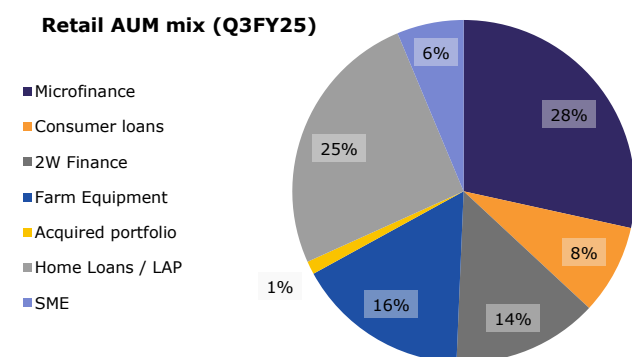
Source: Company, Emkay Research

Exhibit 10: Muted disbursement growth



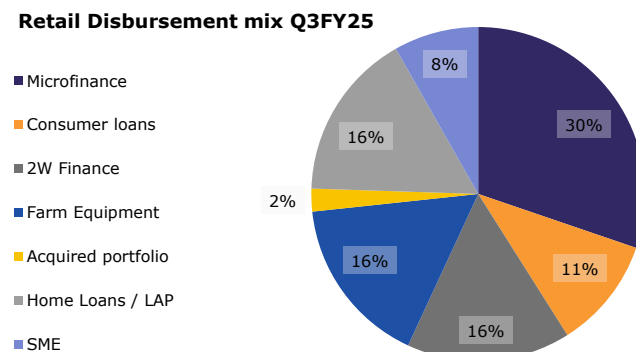
Source: Company, Emkay Research

Exhibit 11: LTF is increasing focus on acquiring prime customers in its PL and TWL segments

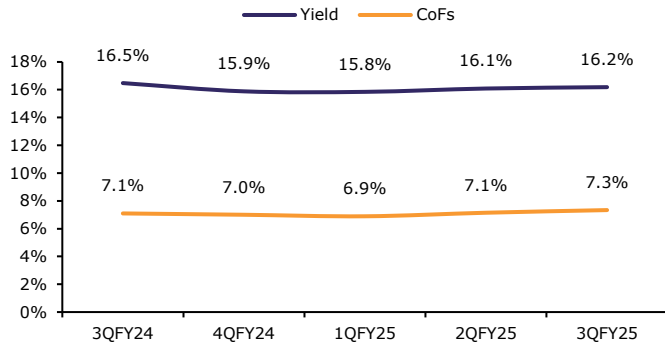


Source: Company, Emkay Research

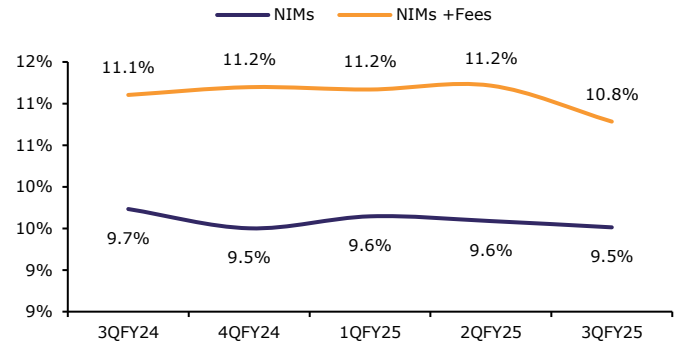
Exhibit 12: Strong disbursement growth in the Farm and SME segments



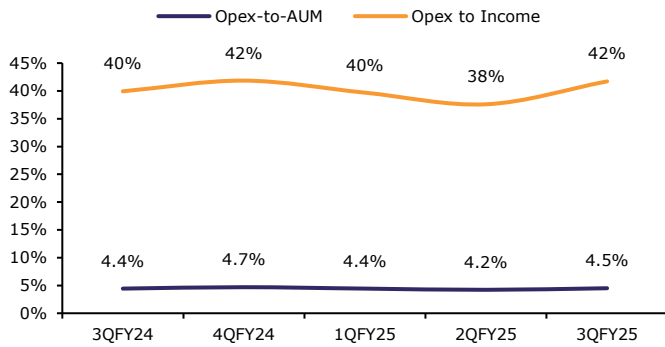
Source: Company, Emkay Research

Exhibit 13: CoFs stable on QOQ basis

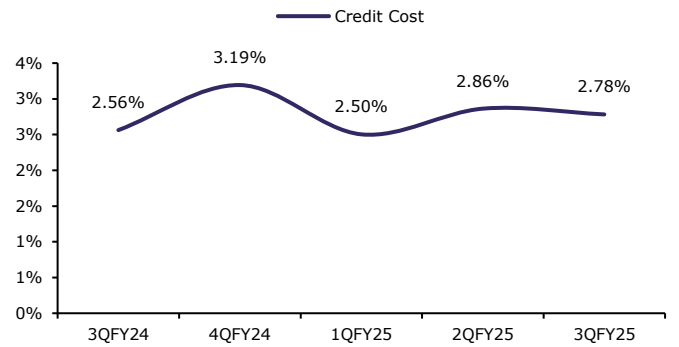
Source: Company, Emkay Research

Exhibit 14: Margin sees ~50bps decline on account of low disbursement share of MFI loans

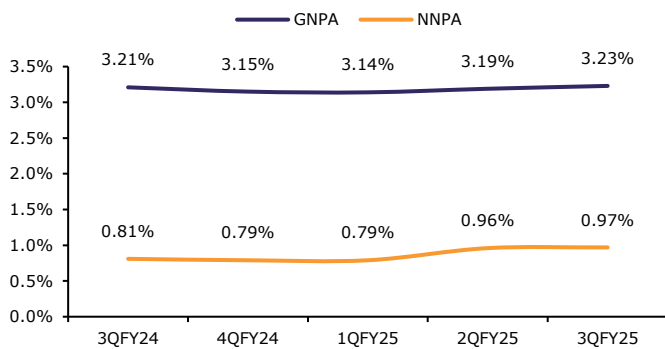
Source: Company, Emkay Research

Exhibit 15: Elevated opex due to increased collection staff, and continued investment in technology

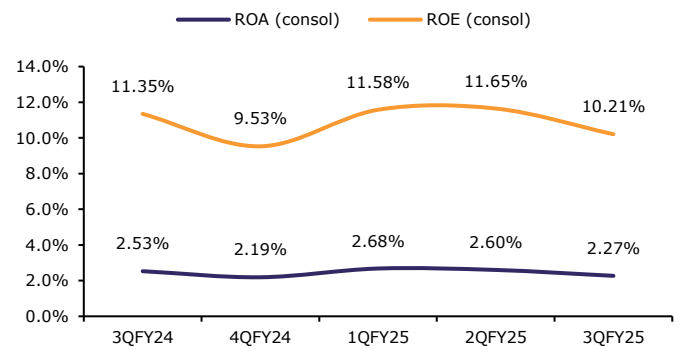
Source: Company, Emkay Research

Exhibit 16: Credit cost is broadly stable

Source: Company, Emkay Research

Exhibit 17: Stable asset quality

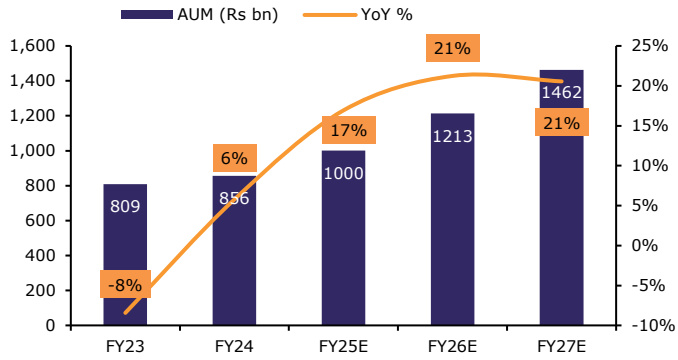
Source: Company, Emkay Research

Exhibit 18: Profitability impacted by lower margins

Source: Company, Emkay Research

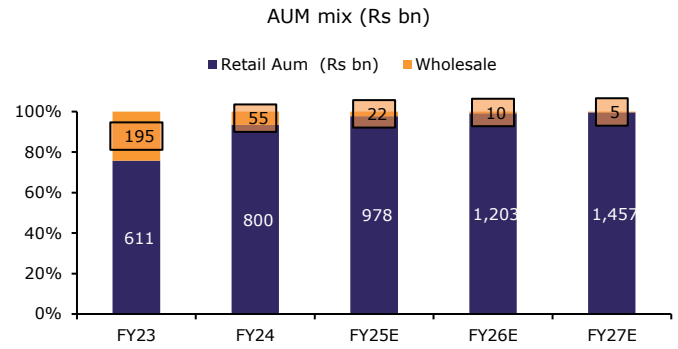
Story in charts

Exhibit 19: AUM expected to grow above 20%



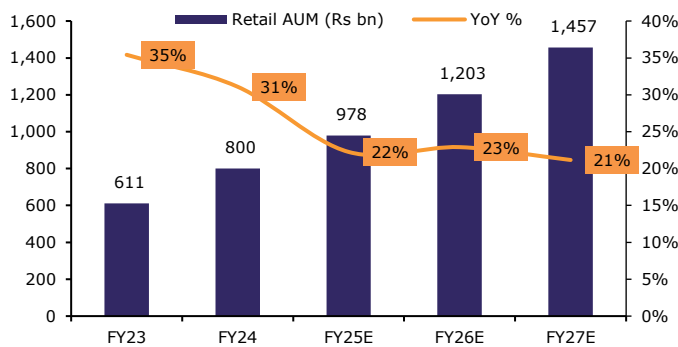
Source: Company, Emkay Research

Exhibit 20: Retail asset to reach 100% by the end of FY27E



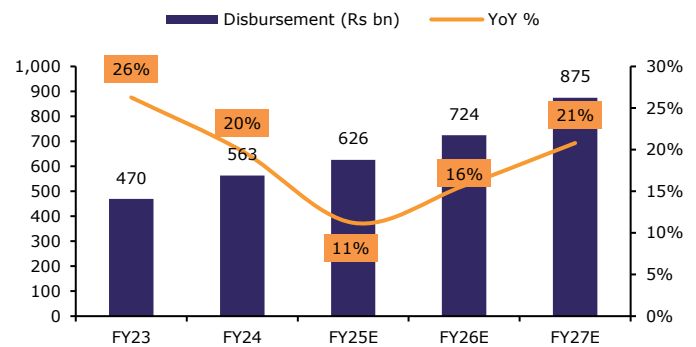
Source: Company, Emkay Research

Exhibit 21: Strong growth driven by higher growth in new segment



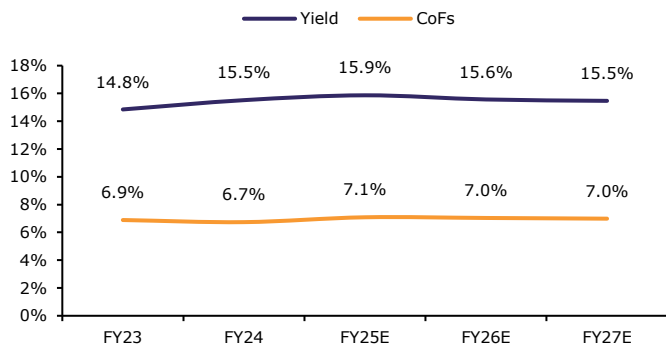
Source: Company, Emkay Research

Exhibit 22: Disbursement to remain slow in FY26 on account of muted disbursement in MFI segment



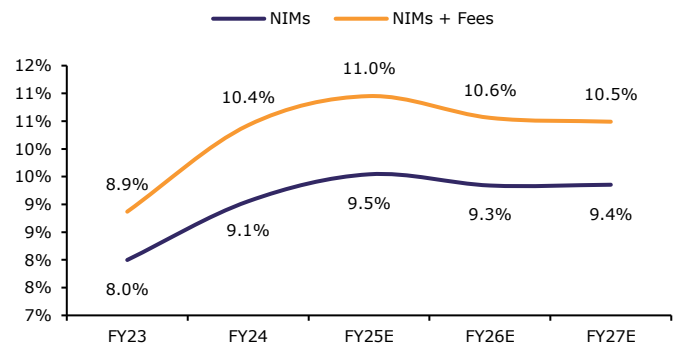
Source: Company, Emkay Research

Exhibit 23: Marginal decline in yield due to change in asset mix

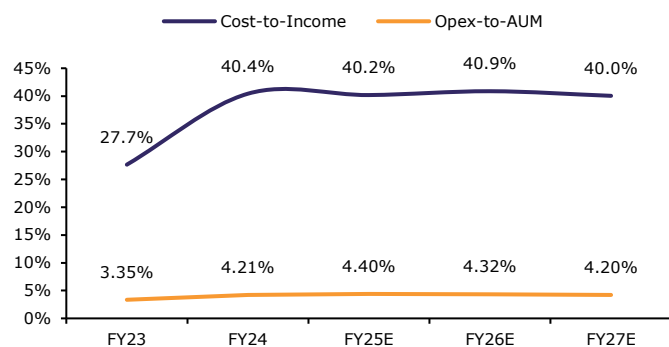


Source: Company, Emkay Research

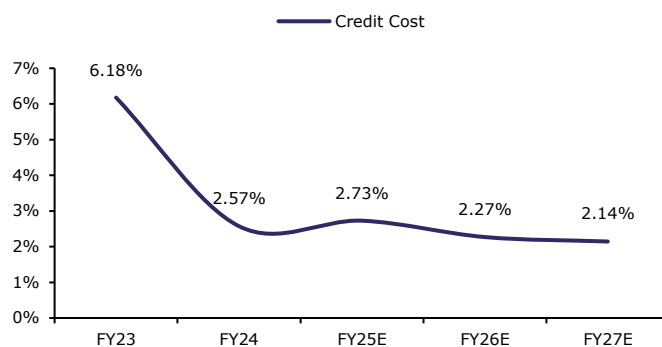
Exhibit 24: Improving fee income supporting overall margins



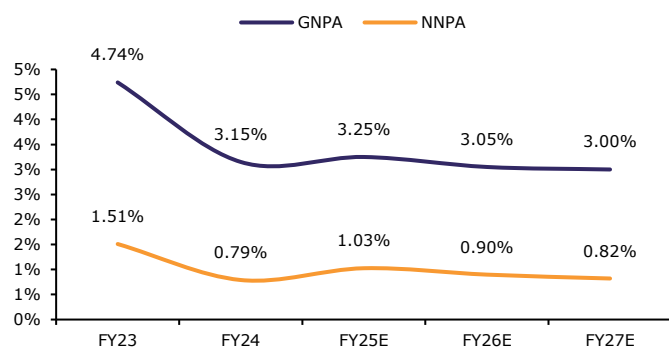
Source: Company, Emkay Research

Exhibit 25: Opex to moderate on account of improved efficiency

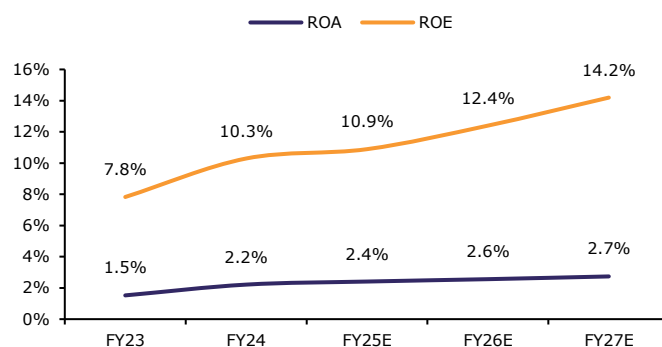
Source: Company, Emkay Research

Exhibit 26: Credit cost to remain inflated in the near term

Source: Company, Emkay Research

Exhibit 27: Overall asset quality improvement led by prudent underwriting and increase in share of prime customers

Source: Company, Emkay Research

Exhibit 28: Margin expansion led by moderating opex and credit cost

Source: Company, Emkay Research

Earnings Conference Call Highlights

- The management indicated that Urban consumption has shown signs of fatigue with the exhaustion of pent-up demand, while Rural consumption despite gradual improvement remains inadequate to offset the Urban drag. It expects Rural recovery to continue and see an uptick in Urban demand as inflation levels drift lower. With further fiscal and monetary support expected in the upcoming budget and monetary policy announcements, the management expects these early green-shoots to turn into strong growth drivers in coming months.
- The management emphasized that despite a challenging operating environment in the microfinance sector, the company's robust and diversified franchise facilitated record festive quarterly disbursements of ~Rs152.1bn. The slowdown in disbursement in Q3FY25 in some products was a conscious call by the management, based on risk-reward basis.
- Project 'Cylops' is now 100% integrated in the TWL segment and, in the last 4 months, net zeop plus has reduced by 120bps. The program has been launched for the Farm equipment segment, and plans to launch the program in its SME and PL segments in Q4FY25. Benefit of implementing Project Cyclops will be more evident in the P&L after 2-3 quarters (Q2-Q3FY26).
- The management shared that credit cost is expected to peak out in Q4FY25, and that it expects credit loss of ~Rs9.5-10bn in the MFI segment for full-FY25.
- In Q3FY25, LTF utilized Rs1bn from the macro prudential provision, and expects to use another Rs3-3.5bn in Q4FY25.
- With the improving trend in collection efficiency, the management remains hopeful that this will continue. With implementation of MFIN guardrails from Apr-25, it expects overall credit improvement.
- The new product Micro LAP, Warehouse financing, and Supply chain are faring well, with Micro LAP crossing Rs3bn in the current quarter, while Warehouse financing has seen a disbursement of Rs3.5bn, through its presence in 80 *mandis* and 25 branches.
- During the quarter, LTF transferred Rs7.8bn worth of assets with EAD of Rs8.15bn to ARC, for a consideration of Rs8.33bn. Of this consideration, 75% (post adjustment of ~Rs0.18bn) will form part of the investment. Net carrying value of this investment is ~Rs4.4bn (after adjusting for the provision reversal of Rs2.5bn) and will be accounted on FVTPL basis.
- Implementation of the new strategy in the Farm equipment (no repossession for NPA account) and TWL (increasing share of prime customers) segments will be more evident in the P&L in the next 2-3 quarters.
- In the PL segment, both—Digital partnership and DSA—are faring well, and the management is primarily targeting the prime salaried segment. Segment yield is ~17%.
- Increasing focus on Prime customers would impact the overall margins, for which the management highlighted it plans to increase its income through cross sale and fee base offerings, thus supporting overall margins. Spend in tech and infrastructure is expected to improve efficiency, and the increasing share of prime customers is expected to keep credit cost in check. Collectively, this strategy is expected to support the company in achieving its consolidated ROA target of 2.8-3%.
- Insurance income as a percentage of the loan book is currently at ~1%.
- Write-off of the RBL segment for the quarter was ~Rs3bn.
- Repayment of TWL seems inflated on account of reduction of Rs3.5bn in trade advance to the dealer (during festive season).
- Total dedicated collection headcount is ~1,200. LTF has added ~900 collection officials (including business official) in current FY which has resulted in account per collector reducing, from 560 to 480.
- The management believes the safe growth of MFI segment is 15-20%.
- The yield of the MFI offering ranged at 16-23% for LTF, where 16% is for customers who have served the full cycle, while new customers are charged ~23%.

L&T Finance: Consolidated Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Interest Income	125,651	129,139	147,248	172,276	206,885
Interest Expense	57,972	53,772	58,691	68,907	81,759
Net interest income	67,679	75,367	88,557	103,370	125,126
NII growth (%)	13.7	11.4	17.5	16.7	21.0
Non interest income	34,759	11,412	13,079	13,503	15,191
Total income	102,438	86,779	101,636	116,873	140,317
Operating expenses	28,334	35,079	40,834	47,763	56,180
PPOP	74,104	51,701	60,802	69,110	84,137
PPOP growth (%)	72.1	(30.2)	17.6	13.7	21.7
Provisions & contingencies	52,276	21,410	25,306	25,104	28,669
PBT	21,828	30,290	35,496	44,006	55,468
Extraordinary items	0	0	0	0	0
Tax expense	6,463	7,119	9,122	11,309	14,255
Minority interest	868	(30)	200	200	200
Income from JV/Associates	0	0	0	0	0
Reported PAT	15,365	23,171	26,374	32,696	41,213
PAT growth (%)	80.9	50.8	13.8	24.0	26.0
Adjusted PAT	15,365	23,171	26,374	32,696	41,213
Diluted EPS (Rs)	6.5	9.3	10.7	13.2	16.6
Diluted EPS growth (%)	51.5	42.0	14.8	23.8	25.9
DPS (Rs)	1.3	2.5	3.0	3.8	4.8
Dividend payout (%)	19.9	26.9	25.0	25.0	25.0
Effective tax rate (%)	29.6	23.5	25.7	25.7	25.7
Net interest margins (%)	8.9	10.4	11.0	10.6	10.5
Cost-income ratio (%)	27.7	40.4	40.2	40.9	40.0
PAT/PPOP (%)	21.9	44.8	43.7	47.6	49.2
Shares outstanding (mn)	2,479.7	2,488.9	2,488.9	2,488.9	2,488.9

Source: Company, Emkay Research

Asset quality and other metrics					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Asset quality					
GNPL - Stage 3	38,320	26,980	32,516	36,996	43,870
NNPL - Stage 3	11,780	6,610	9,755	10,359	11,406
GNPL ratio - Stage 3 (%)	4.7	3.2	3.3	3.1	3.0
NNPL ratio - Stage 3 (%)	1.5	0.8	1.0	0.9	0.8
ECL coverage - Stage 3 (%)	69.3	75.5	70.0	72.0	74.0
ECL coverage - 1 & 2 (%)	3.9	2.7	2.8	2.8	2.8
Gross slippage - Stage 3	0	0	0	0	0
Gross slippage ratio (%)	0.0	0.0	0.0	0.0	0.0
Write-off ratio (%)	0.4	0.6	1.9	1.2	1.0
Total credit costs (%)	6.2	2.6	2.7	2.3	2.1
NNPA to networth (%)	5.5	2.8	3.8	3.7	3.7
Capital adequacy					
Total CAR (%)	24.5	22.8	21.6	20.2	19.1
Tier-1 (%)	22.1	21.0	19.8	18.4	17.2
Miscellaneous					
Total income growth (%)	55.9	(15.3)	17.1	15.0	20.1
Opex growth (%)	25.2	23.8	16.4	17.0	17.6
PPOP margin (%)	8.8	6.2	6.6	6.2	6.3
Credit costs-to-PPOP (%)	70.5	41.4	41.6	36.3	34.1
Loan-to-Assets (%)	70.7	79.2	80.7	83.1	84.9
Yield on loans (%)	14.8	15.5	15.9	15.6	15.5
Cost of funds (%)	6.9	6.7	7.1	7.0	7.0
Spread (%)	8.0	8.8	8.8	8.5	8.5

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Share capital	24,797	24,889	24,889	24,889	24,889
Reserves & surplus	190,487	209,495	228,711	252,107	281,600
Net worth	215,284	234,384	253,601	276,996	306,489
Borrowings	830,435	765,409	890,425	1,067,428	1,272,221
Other liabilities & prov.	17,903	27,382	35,042	44,940	58,067
Total liabilities & equity	1,063,621	1,027,176	1,179,068	1,389,364	1,636,777
Net loans	751,546	813,594	951,098	1,154,009	1,390,142
Investments	146,777	123,849	100,048	85,394	114,500
Cash, other balances	127,489	46,760	84,217	103,144	79,836
Interest earning assets	1,025,812	984,203	1,135,363	1,342,548	1,584,478
Fixed assets	2,324	5,416	6,770	8,462	10,578
Other assets	35,486	37,557	36,935	38,354	41,721
Total assets	1,063,621	1,027,176	1,179,068	1,389,364	1,636,777
BVPS (Rs)	86.7	94.2	101.9	111.3	123.1
Adj. BVPS (INR)	84.8	92.6	100.3	109.5	121.1
Gross loans	808,930	855,640	1,000,477	1,212,986	1,462,322
Total AUM	808,930	855,640	1,000,477	1,212,986	1,462,322
On balance sheet	0	0	0	0	0
Off balance sheet	0	0	0	0	0
Disbursements	469,790	562,930	626,070	724,224	874,833
Disbursements growth (%)	26.3	19.8	11.2	15.7	20.8
Loan growth (%)	(8.9)	8.3	16.9	21.3	20.5
AUM growth (%)	(8.4)	5.8	16.9	21.2	20.6
Borrowings growth (%)	(2.5)	(7.8)	16.3	19.9	19.2
Book value growth (%)	7.7	8.7	8.2	9.2	10.6

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY23	FY24	FY25E	FY26E	FY27E
P/E (x)	22.3	15.7	13.7	11.0	8.8
P/B (x)	1.7	1.6	1.4	1.3	1.2
P/ABV (x)	1.7	1.6	1.4	1.3	1.2
P/PPOP (x)	4.8	7.0	5.9	5.2	4.3
Dividend yield (%)	0.9	1.7	2.0	2.6	3.3
Dupont-RoE split (%)					
NII/avg AUM	8.0	9.1	9.5	9.3	9.4
Other income	4.1	1.4	1.4	1.2	1.1
Securitization income	0.0	0.0	0.0	0.0	0.0
Opex	1.7	2.0	2.0	2.0	2.0
Employee expense	1.7	2.2	2.4	2.3	2.2
PPOP	8.8	6.2	6.6	6.2	6.3
Provisions	6.2	2.6	2.7	2.3	2.1
Tax expense	0.8	0.9	1.0	1.0	1.1
RoAUM (%)	1.9	2.8	2.9	3.0	3.1
Leverage ratio (x)	4.1	3.7	3.8	4.2	4.6
RoE (%)	7.8	10.3	10.9	12.4	14.2

Quarterly data					
Rs mn, Y/E Mar	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25
NII	19,529	19,875	21,012	21,781	22,371
NIM(%)	11.1	11.2	11.2	11.2	10.8
PPOP	13,382	13,619	14,676	15,899	14,781
PAT	6,402	5,530	6,853	6,967	6,257
EPS (Rs)	2.57	2.23	2.75	2.79	2.51

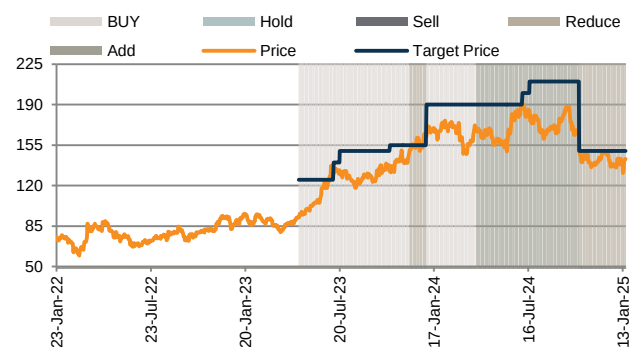
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
06-Jan-25	138	150	Reduce	Avinash Singh
30-Dec-24	136	150	Reduce	Avinash Singh
05-Dec-24	148	150	Reduce	Avinash Singh
26-Nov-24	141	150	Reduce	Avinash Singh
21-Oct-24	158	150	Reduce	Avinash Singh
04-Oct-24	175	210	Add	Avinash Singh
02-Sep-24	171	210	Add	Avinash Singh
20-Aug-24	167	210	Add	Avinash Singh
18-Jul-24	185	210	Add	Avinash Singh
04-Jul-24	188	200	Add	Avinash Singh
05-Jun-24	157	190	Add	Avinash Singh
30-Apr-24	167	190	Add	Avinash Singh
06-Apr-24	170	190	Add	Avinash Singh
24-Jan-24	161	190	Buy	Avinash Singh
05-Jan-24	171	190	Buy	Avinash Singh
02-Jan-24	162	190	Buy	Avinash Singh
30-Nov-23	148	155	Reduce	Avinash Singh
24-Oct-23	133	155	Buy	Avinash Singh
20-Jul-23	131	150	Buy	Avinash Singh
08-Jul-23	131	140	Buy	Avinash Singh
02-May-23	92	125	Buy	Avinash Singh

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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BUY	>15% upside
ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	<15% downside

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