

L&T Finance (LTF) reported a weaker than estimated set of numbers, with changing asset composition and interest-rate cuts in MFI causing NIM compression (35bps QoQ). This also led to PPoP and credit cost remaining elevated at 2.54% despite utilization of Rs3bn of macroprudential provision (including this, credit cost would be 3.8%). LTF's technology initiatives and sharper focus on credit underwriting is showing early signs of success, with bounce rates in 2Ws and early non-starters in Farm Finance showing marked improvement following Project Cyclops. Looking ahead, given the headwinds in rural finance (further aggravated by state-specific regulations), NIM + Fee yield would see pressure in FY26, and opex and credit cost are likely to stay sticky leading to only limited RoA improvement. To reflect the Q4FY25 developments and outlook, we tweak our estimates which results in -28bps/-17bps changes in FY26E/27E RoA and -11%/-9% changes in FY26E/27E EPS. We reiterate REDUCE on the stock while raising our Mar-26E TP by ~7% to Rs150 (from Rs140), implying FY27E P/B 1.3x.

Management overlay and tax benefit drove in-line PAT

LTF reported PAT of Rs6.34bn, in line with our estimate which is primarily due to a one-time tax gain of Rs350mn in Q4 and use of macro prudential buffer of Rs3bn for MFI. While the overall book growth remained soft (3% QoQ) due to overall muted disbursement, which saw a 2% sequential degrowth due to Farm and 2W segments. The stress in MFI/JLG continues to drag down yields and margins which management expect normalization to be visible in H2FY26, additionally there was impact of Rs550mn due to RBI disbursement regulations. Credit cost remains elevated and came in at 2.57%, while GS3 marginally increased by 10bps while NS3 remained stable at 1%. ROA and ROE for the quarter stood at 2.22% and 10.13%, respectively.

MFI pressure to persist in the near term; recovery expected from H2FY26

The MFI segment continues to be under stress, and LTF is strategically focusing on adding unique customers, expanding into new villages and states such as Assam, Rajasthan, and Uttar Pradesh. The management expects improvement to become visible from H2FY26. It remains confident of growing the loan book in a risk-calibrated manner, driven by a rising share of prime and near-prime customers, implementation of Cyclops across product segments, and prudent underwriting. Margin improvement would be on account of higher share of high-yield products (rural/urban), improving fee income via cross-sell and moderated credit costs. The management has guided to NIM+Fee remaining in the 10-10.5% range and expects credit costs to be contained at 2.3-2.4%.

Factoring in Q4 development; maintain REDUCE; raise TP by 7% to Rs150

To reflect the Q4 performance/developments in the MFI segment, we slightly reduce our disbursement and AUM growth estimate for FY26-27, and increase our credit cost estimate; this results in 9-11% cut in EPS and ~15-30bps cut in RoA over FY26-27E. We retain REDUCE; raise Mar-26E TP by ~7% to Rs150, implying FY27E P/B of 1.3x

Target Price – 12M	Mar-26
Change in TP (%)	7.1
Current Reco.	REDUCE
Previous Reco.	REDUCE
Upside/(Downside) (%)	(10.7)

Stock Data	LTF IN
52-week High (Rs)	194
52-week Low (Rs)	129
Shares outstanding (mn)	2,494.9
Market-cap (Rs bn)	418
Market-cap (USD mn)	4,919
Net-debt, FY25E (Rs mn)	NA
ADTV-3M (mn shares)	6
ADTV-3M (Rs mn)	775.7
ADTV-3M (USD mn)	9.1
Free float (%)	32.2
Nifty-50	24,328.5
INR/USD	85.0

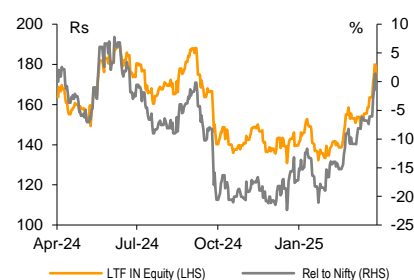
Shareholding, Mar-25

Promoters (%)	66.2
FPIs/MFs (%)	5.5/13.3

Price Performance

(%)	1M	3M	12M
Absolute	9.4	18.2	2.4
Rel. to Nifty	5.8	11.5	(5.7)

1-Year share price trend (Rs)



L&T Finance: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Net profits	23,171	26,434	29,142	37,860	48,753
AUM growth (%)	5.8	14.3	17.6	20.5	21.5
NII growth (%)	11.4	15.0	14.0	21.5	21.6
NIMs (%)	10.4	10.8	10.5	10.6	10.6
PPoP growth (%)	(30.2)	15.3	8.9	24.8	25.4
Adj. EPS (Rs)	9.3	10.7	11.8	15.3	19.6
Adj. EPS growth (%)	42.0	15.0	10.2	29.7	28.6
Adj. BV (INR)	92.6	100.9	108.7	118.9	133.4
Adj. BVPS growth (%)	8.7	8.8	7.8	9.5	12.3
RoA (%)	2.2	2.4	2.3	2.6	2.8
RoE (%)	10.3	10.9	11.1	13.2	15.3
P/E (x)	18.0	15.7	14.2	11.0	8.5
P/ABV (x)	1.8	1.7	1.5	1.4	1.3

Source: Company, Emkay Research

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Exhibit 1: LTFH – Actual vs Estimates

					Actual	Change		Emkay Estimate	
Result update (Rs mn)	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	QoQ	YoY	4QFY25	Variation
NII	19,875	21,012	21,781	22,371	21,501	-4%	8%	22,678	-5%
Net Income	23,422	24,332	25,477	25,359	24,274	-4%	4%	25,476	-5%
Opex	9,803	9,656	9,578	10,578	10,034	-5%	2%	10,761	-7%
PPOP	13,619	14,676	15,899	14,781	14,240	-4%	5%	14,715	-3%
Provision	6,679	5,453	6,504	6,542	6,185	-5%	-7%	6,191	0%
PBT	6,940	9,223	9,396	8,239	8,055	-2%	16%	8,524	-6%
PAT	5,530	6,853	6,967	6,257	6,358	2%	15%	6,337	0%
AUM	855,640	887,170	930,140	951,200	977,620	3%	14%	987,995	-1.1%
Disbursement	153,660	150,190	151,640	152,100	149,140	-2%	-3%	157,612	-5.4%
Retail AUM	800,360	844,450	889,760	922,240	951,800	3%	19%	972,666	-2.1%
Retail Disbursement	150,430	148,390	150,920	152,100	148,990	-2%	-1%	156,644	-4.9%
Credit Cost (calc)	3.19%	2.50%	2.86%	2.78%	2.57%	-22bps	-63bps	2.6%	1bps
GS3	3.15%	3.14%	3.19%	3.23%	3.29%	6bps	14bps	3.25%	4bps
NS3	0.79%	0.79%	0.96%	0.97%	0.97%	0bps	18bps	1.00%	-3bps
PCR	75.50%	75.33%	70.58%	70.57%	71.1%	56bps	-437bps	70.0%	113bps

Source: Company, Emkay Research

Exhibit 2: Change in estimates

Y/E Mar (Rs mn)	FY26E			FY27E			FY28E		
	Earlier	Revised	Change	Earlier	Revised	Change	Earlier	Revised	Change
AUM	1,194,123	1,149,446	-3.7%	1,455,835	1,385,485	-4.8%	NA	1,683,614	NA
Disbursement	713,309	696,401	-2.4%	864,433	829,654	-4.0%	NA	995,945	NA
Disbursement growth (%)	16.6	15.5	-117bps	21	19.1	-205bps	NA	20.0	NA
AUM Growth (%)	20.9	17.6	-329bps	22	20.5	-138bps	NA	21.5	NA
Networth	277,047	275,504	-0.6%	306,861	301,660	-1.7%	NA	338,709	NA
Net interest income	102,325	98,797	-3.4%	124,209	120,052	-3.3%	NA	146,041	NA
Total Income	115,772	111,791	-3.4%	139,434	134,550	-3.5%	NA	162,471	NA
Operating Expenses	46,844	46,861	0.0%	55,045	53,518	-2.8%	NA	60,832	NA
PPOP	68,928	64,930	-5.8%	84,388	81,032	-4.0%	NA	101,639	NA
Provision	24,906	25,707	3.2%	28,488	30,076	5.6%	NA	36,022	NA
PAT	32,708	29,142	-10.9%	41,534	37,860	-8.8%	NA	48,753	NA
EPS (Rs)	13.2	11.8	-10.9%	17	15.3	-8.9%	NA	19.6	NA
BV (Rs)	111.3	110.4	-0.8%	123	120.9	-1.9%	NA	135.8	NA
NIM (%)	9.38	9.29	-9bps	9.37	9.47	10bps	NA	9.52	NA
NIMs + Fess (%)	10.61	10.51	-10bps	10.52	10.62	9bps	NA	10.59	NA
Cost-to-income ratio (%)	40.46	41.92	146bps	39.48	39.78	30bps	NA	37.44	NA
Opex-to-AUM	4.29	4.41	11bps	4.15	4.22	7bps	NA	3.96	NA
Credit Costs (%)	2.28	2.42	13bps	2.15	2.37	22bps	NA	2.35	NA
ROA (%)	2.59	2.31	-28bps	2.78	2.61	-17bps	NA	2.82	NA
ROE (%)	12.40	11.07	-134bps	14.29	13.20	-109bps	NA	15.30	NA

Source: Company, Emkay Research

Exhibit 3: Valuation Matrix

				P/BV (x)			P/E (x)			RoA (%)			RoE (%)			Book Value (Rs/sh)			EPS (Rs)		
	CMP/TP (Rs)	Upside	Mkt Cap (Rs bn)	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
At current market price	167.7	-10.5%	418.3	1.5	1.4	1.3	14.2	11.0	8.5	2.3	2.6	2.8	11.1	13.2	15.3	109	119	133	12	15	20
At target price	150.0			1.4	1.3	1.1	12.7	9.8	7.6	2.3	2.6	2.8	11.1	13.2	15.3	109	119	133	12	15	20

Source: Company, Emkay Research

Exhibit 4: Quarterly result snapshot

Particulars (Rs mn)	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	YoY	QoQ
Income from operations	33,226	34,526	36,544	38,064	37,499	12.9%	-1.5%
Interest Expenses	13,351	13,514	14,763	15,692	15,998	19.8%	1.9%
Net Interest Income	19,875	21,012	21,781	22,371	21,501	8.2%	-3.9%
Other Income	3,547	3,320	3,696	2,988	2,773	-21.8%	-7.2%
Total Income	23,422	24,332	25,477	25,359	24,274	3.6%	-4.3%
Operating Expenses	9,803	9,656	9,578	10,578	10,034	2.4%	-5.1%
PPoP	13,619	14,676	15,899	14,781	14,240	4.6%	-3.7%
Provisions	6,679	5,453	6,504	6,542	6,185	-7.4%	-5.5%
Credit costs	3.2%	2.5%	2.9%	2.8%	2.6%	-63bps	-22bps
PBT	6,940	9,223	9,396	8,239	8,055	16.1%	-2.2%
Tax	1,410	2,370	2,429	1,983	1,697	20.3%	-14.4%
Tax rate	20.3%	25.7%	25.9%	24.1%	21.1%		
Profit after tax	5,530	6,853	6,967	6,257	6,358	15.0%	1.6%
Share of profit from associates/MI	0	0	0	0	0		
PAT adjusting for one-offs	5,530	6,853	6,967	6,257	6,358	15.0%	1.6%
AUM	855,640	887,170	930,140	951,200	977,620	14.3%	2.8%
Disbursement	153,660	150,190	151,640	152,100	149,140	-2.9%	-1.9%
Networth	234,384	235,290	242,678	249,102	255,641	9.1%	2.6%
Credit cost	3.19%	2.50%	2.86%	2.78%	2.57%	-63bps	-22bps
GS3	3.15%	3.14%	3.19%	3.23%	3.29%	14bps	6bps
NS3	0.79%	0.79%	0.96%	0.97%	0.97%	18bps	0bps
PCR	75.5%	75.3%	70.6%	70.6%	71.1%	-437bps	56bps

Source: Company, Emkay Research

Exhibit 5: AUM trend

AUM mix (Rs bn)	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
Overall AUM	880	806	783	787	818	856	887	930	951	978
Growth	-2%	-8%	-3%	0%	4%	5%	4%	5%	2%	3%
Retail	570	611	643	694	748	800	844	890	922	952
Retail growth	10%	7%	5%	8%	8%	7%	6%	5%	4%	3%
Retail AUM as % of overall AUM	65%	76%	82%	88%	91%	94%	95%	96%	97%	97%
Wholesale	310	195	140	93	70	55	43	40	29	26
Wholesale growth	-18%	-37%	-28%	-34%	-24%	-21%	-23%	-5%	-28%	-11%
Wholesale AUM as a % of overall AUM	35%	24%	18%	12%	9%	6%	5%	4%	3%	3%

Source: Company, Emkay Research

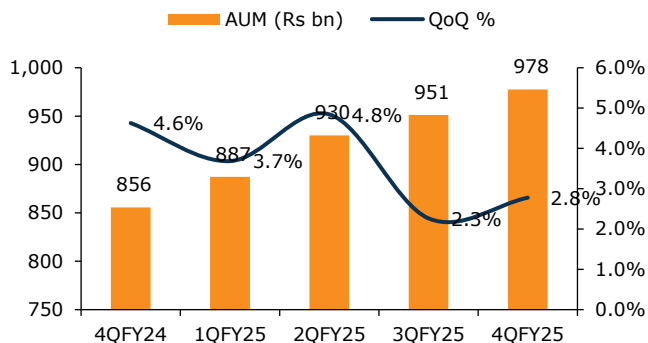
Exhibit 6: Disbursement trend

(Rs mn)	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
Retail Disbursement	116,090	112,820	111,920	135,000	145,310	150,430	148,390	150,920	152,100	148,990
Growth	13.4%	-2.8%	-0.8%	20.6%	7.6%	3.5%	-1.4%	1.7%	0.8%	-2.0%
Overall Disbursement	131,570	123,100	123,640	136,960	148,650	153,660	150,190	151,640	152,100	149,140
Growth	19.1%	-6.4%	0.4%	10.8%	8.5%	3.4%	-2.3%	1.0%	0.3%	-1.9%

Source: Company, Emkay Research

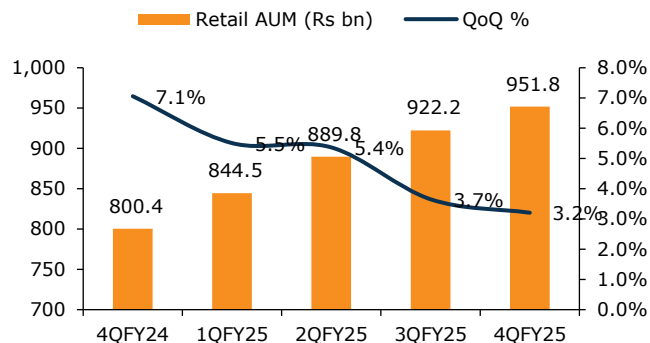
Result in charts

Exhibit 7: AUM growth remain soft in Q4



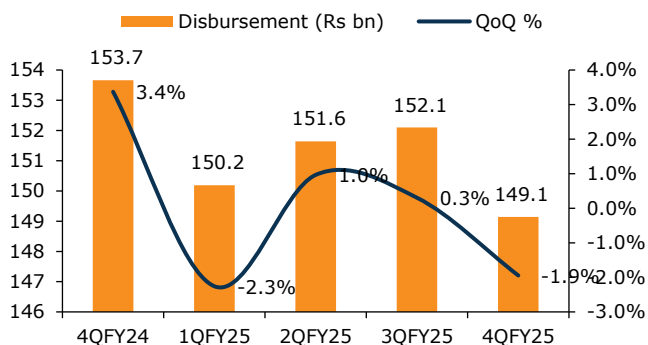
Source: Company, Emkay Research

Exhibit 8: Retail AUM grew ~3.2% in Q4



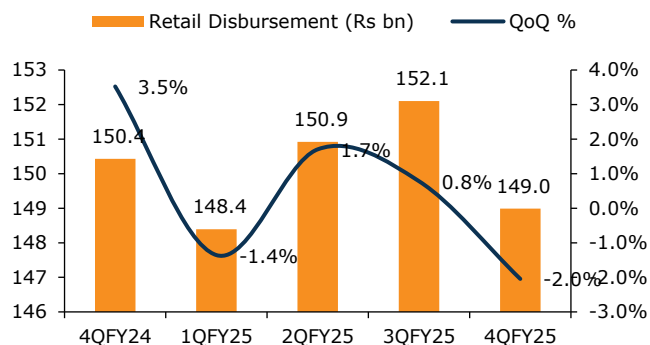
Source: Company, Emkay Research

Exhibit 9: Weaker than estimated disbursement



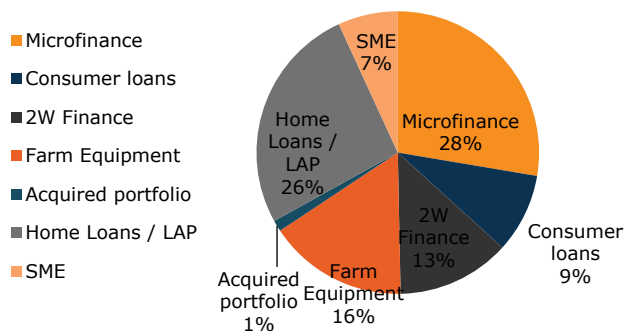
Source: Company, Emkay Research

Exhibit 10: Muted disbursement in the 2W, Farm, and Mortgage segments



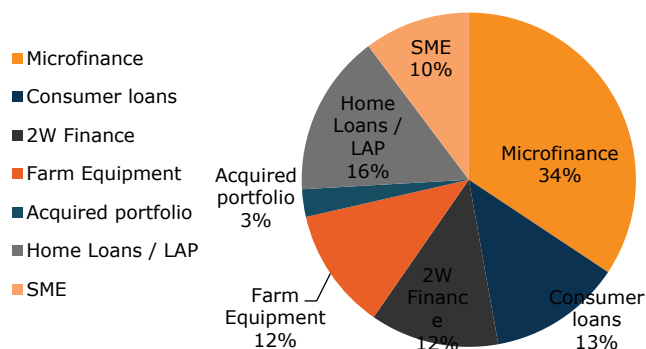
Source: Company, Emkay Research

Exhibit 11: Retail AUM mix

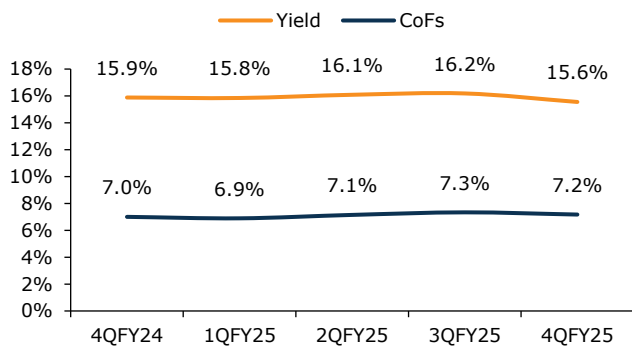


Source: Company, Emkay Research

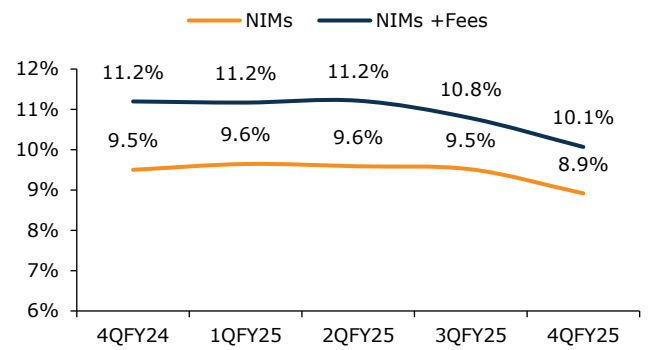
Exhibit 12: Retail Disbursement mix



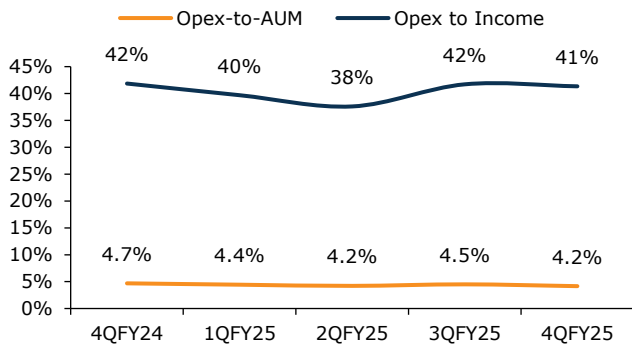
Source: Company, Emkay Research

Exhibit 13: Yield impacted by the falling share of high yield products

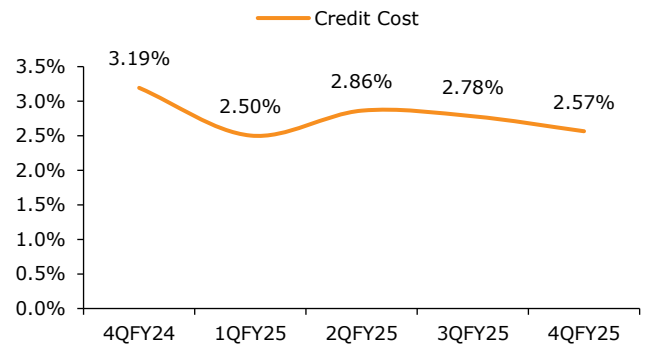
Source: Company, Emkay Research

Exhibit 14: NIM + Fees moderated due to falling share of MFI loan

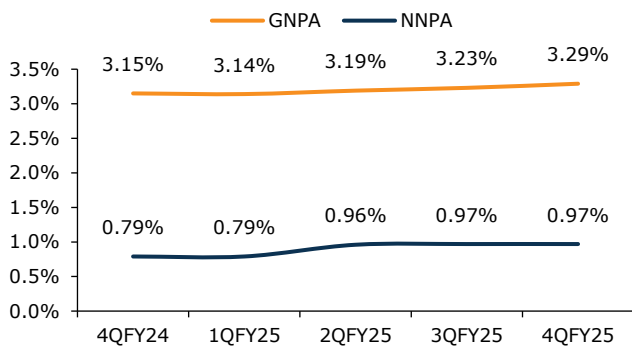
Source: Company, Emkay Research

Exhibit 15: Opex-to-AUM improves sequentially

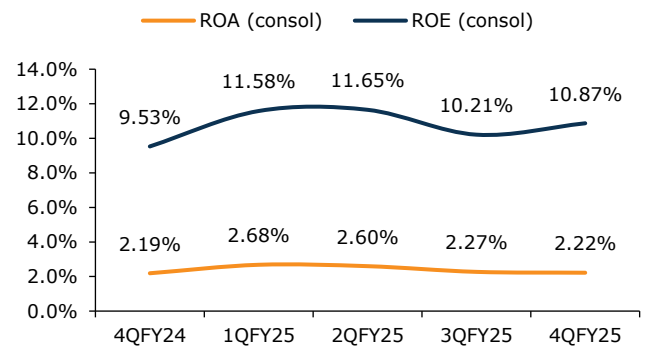
Source: Company, Emkay Research

Exhibit 16: Credit cost remains elevated

Source: Company, Emkay Research

Exhibit 17: GS3 and NS3 increased marginally

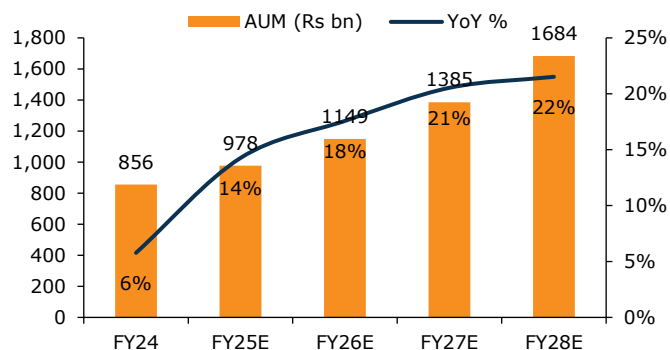
Source: Company, Emkay Research

Exhibit 18: RoA and RoE improve sequentially

Source: Company, Emkay Research

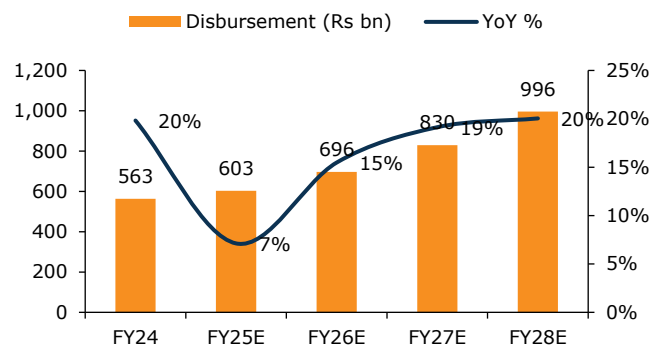
Story in Charts

Exhibit 19: AUM is expected to grow above 20% over FY27-28E



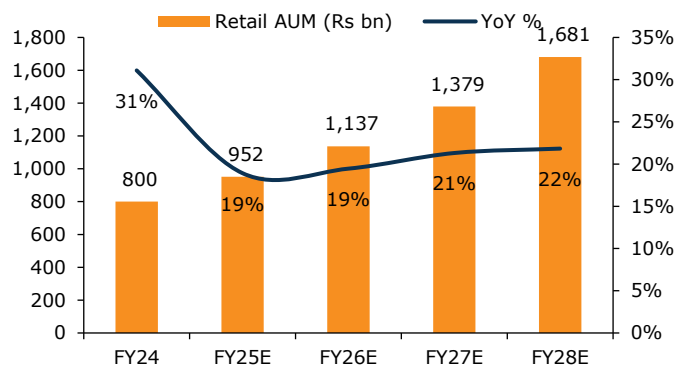
Source: Company, Emkay Research

Exhibit 20: Disbursements expected to improve as macro improves



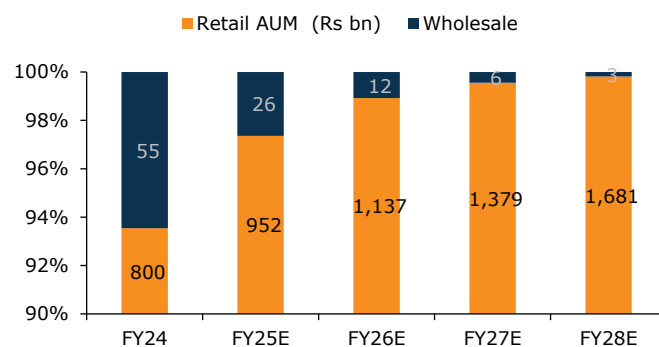
Source: Company, Emkay Research

Exhibit 21: Retail Assets to grow above 20%



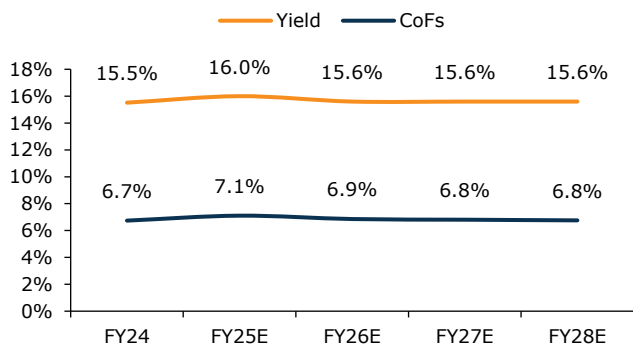
Source: Company, Emkay Research

Exhibit 22: Retailization reaches 97% in FY25



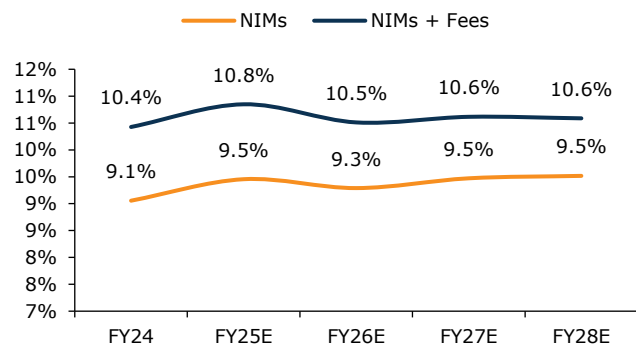
Source: Company, Emkay Research

Exhibit 23: CoFs to moderate, led by RBI rate cut

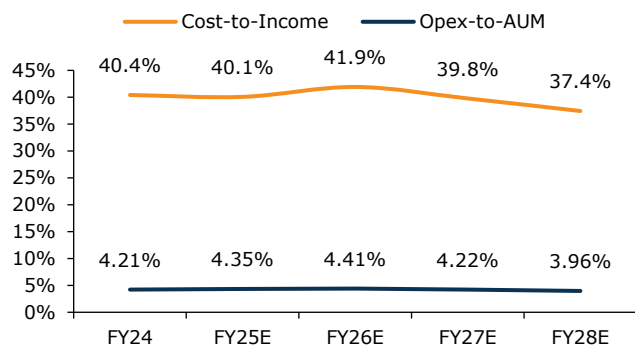


Source: Company, Emkay Research

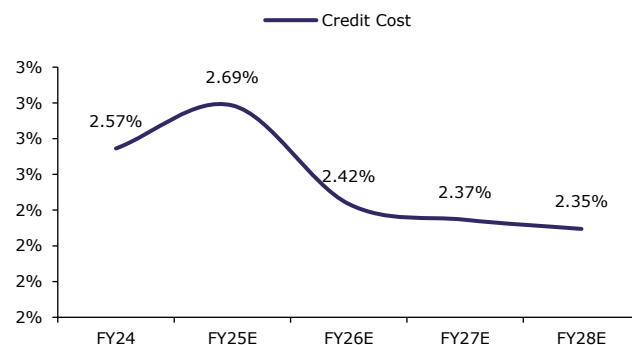
Exhibit 24: NIMs to remain under pressure due to MFI stress and to improve with improvement in macro



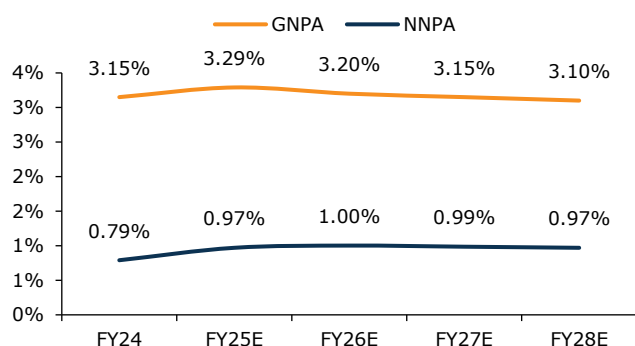
Source: Company, Emkay Research

Exhibit 25: Cost-to-income expected to remain sticky in the near term on account of capability building

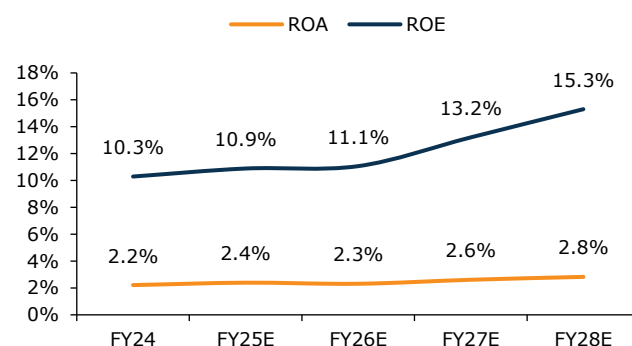
Source: Company, Emkay Research

Exhibit 26: Credit costs expected to moderate to ~2.4% over FY26-28E

Source: Company, Emkay Research

Exhibit 27: Asset quality to be stable

Source: Company, Emkay Research

Exhibit 28: ROA/ROE improves as margins improve

Source: Company, Emkay Research

Earnings Call Highlights

- The management highlighted that the company has achieved its highest-ever annual PAT of Rs26.4bn, growing 14% YoY with ROA of 2.44%, up by 12bps. The retail book expanded 19% YoY to Rs951.8bn, driving the overall book size to Rs977.62bn, up 14% YoY.
- Disbursements in Q4 were affected by a deliberate risk-calibrated approach, particularly across the Rural Finance, Business Finance, and Two-Wheeler verticals. In the HL segment, Rs8bn worth sanction undisbursed (SUD) has flowed into the next quarter due to RBI regulation on SUD cases.
- L&T Finance continues leveraging AI through Project Cyclops and Project Nostradamus. Cyclops, already implemented in tractors and two-wheelers, has significantly reduced high-risk customers and is expected to lower credit costs by 100-150bps, while Nostradamus, set for a beta launch in Q2FY26, will enable automated portfolio monitoring and early risk detection.
- Lakshya 2026 goals
 - Retaliation – Target of 95% vs Achieved 97%.
 - Growth – Retail growth of 25%: The company plans growing in a risk calibrated manner.
 - Asset Quality – GS3/NS3 of 3%/1%, respectively, and sees asset quality improving going forward, led by increasing share of prime and near-prime customers, implementation of Project Cyclops across the product segment (except MFI).
 - ROA – Target of ROA of 2.8-3.0%. ROA has improved by 12bps YoY and is expected to further improve as stress in the MFI segment eases.
- The management informed that in FY25, the unsecured consumer lending sector—particularly microfinance—faced operational and credit quality challenges due to higher borrower leverage, macro events like heatwaves, floods, and a temporary cash flow slowdown during elections. As a result, the company has utilized Rs4bn of macroprudential provisions (Rs1bn in Q3 and Rs3bn in Q4), which were at the lower end of the guided range, supported by strong recovery efforts. The company has a healthy remaining buffer of Rs5.75bn in macroprudential provisions as of now.
- LTF continued to focus on acquiring prime and near-prime customers, with the share of prime customers in two-wheeler disbursements rising to 82% in Mar-25 from 53% a year ago. There was also significant expansion into new geographies in the MFO segment, with 27% growth in new villages and entry into Assam, Uttar Pradesh, and Rajasthan adding 0.5mn customers in Q4.
- The management informed that the Karnataka ordinance led to a temporary dip in collection efficiency in Feb-25; however, proactive actions have improved collections, with normalization expected by early Q2FY26. It also noted that the new Tamil Nadu bill targets unregulated lending but exempts RBI-regulated entities like L&T Finance and expects insignificant impact. It guided to overall credit cost ranging at 2.3-4%.
- The management highlighted that NIM + fee income was 10.15% in Q4 (vs 10.33% sequentially), which was impacted by change in disbursement mix and reversal of Rs550mn broken period interest (as per the RBI regulation), and partly offset by a Rs350mn tax gain (one-off). Overall operational efficiency is expected to improve with focus on productivity, cost control, and tech initiatives like Cyclops and Nostradamus. FY26 NIM + fee guidance remains at 10-10.5%.
- The management commented that as of Mar-25, the SR book stands at Rs58.62bn, down from Rs67.7bn last year – a reduction of Rs9bn, which was primarily due to recoveries and resolutions of underlying assets. The management indicated that focus remains on maximizing recoveries and value from the existing portfolio. Over the next 2-3 years, the SR book is expected to decline further, as resolution efforts continue with the goal of a complete exit from these exposures.
- LTF's consumer business is growing well and the company has partnerships with a number of fintechs like Amazon, PhonePe, and CRED, and plans more tie-ups going forward. Amazon and PhonePe are the originating partner, whereas CRED is a co-lending partner (90:10). ATS in this segment is ~Rs0.25mn and yields ~16%. Total disbursement stands at ~Rs6bn.

L&T Finance: Consolidated Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	129,139	146,633	165,879	197,686	239,343
Interest Expense	53,772	59,968	67,082	77,634	93,302
Net interest income	75,367	86,665	98,797	120,052	146,041
NII growth (%)	11.4	15.0	14.0	21.5	21.6
Non interest income	11,412	12,777	12,994	14,498	16,430
Total income	86,779	99,442	111,791	134,550	162,471
Operating expenses	35,079	39,846	46,861	53,518	60,832
PPOP	51,701	59,597	64,930	81,032	101,639
PPOP growth (%)	(30.2)	15.3	8.9	24.8	25.4
Provisions & contingencies	21,410	24,684	25,707	30,076	36,022
PBT	30,290	34,913	39,223	50,956	65,617
Extraordinary items	0	0	0	0	0
Tax expense	7,119	8,478	10,080	13,096	16,864
Minority interest	(30)	245	245	245	245
Income from JV/Associates	0	0	0	0	0
Reported PAT	23,171	26,434	29,142	37,860	48,753
PAT growth (%)	50.8	14.1	10.2	29.9	28.8
Adjusted PAT	23,171	26,434	29,142	37,860	48,753
Diluted EPS (Rs)	9.3	10.7	11.8	15.3	19.6
Diluted EPS growth (%)	42.0	15.0	10.2	29.7	28.6
DPS (Rs)	2.5	2.8	3.8	4.8	4.8
Dividend payout (%)	26.9	25.7	25.0	25.0	25.0
Effective tax rate (%)	23.5	24.3	25.7	25.7	25.7
Net interest margins (%)	10.4	10.8	10.5	10.6	10.6
Cost-income ratio (%)	40.4	40.1	41.9	39.8	37.4
PAT/PPOP (%)	44.8	44.8	45.3	47.0	48.2
Shares outstanding (mn)	2,488.9	2,494.9	2,494.9	2,494.9	2,494.9

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Share capital	24,889	24,949	24,949	24,949	24,949
Reserves & surplus	209,495	230,692	250,556	276,712	313,761
Net worth	234,384	255,641	275,504	301,660	338,709
Borrowings	765,409	922,469	1,034,501	1,246,937	1,515,253
Other liabilities & prov.	27,382	26,655	28,918	31,608	34,752
Total liabilities & equity	1,027,176	1,204,764	1,338,923	1,580,205	1,888,714
Net loans	813,594	937,731	1,101,445	1,328,098	1,614,451
Investments	123,849	118,760	113,795	112,224	121,220
Cash, other balances	46,760	108,329	83,597	97,216	105,617
Interest earning assets	984,203	1,164,820	1,298,836	1,537,539	1,841,288
Fixed assets	5,416	7,166	8,957	11,196	13,995
Other assets	37,557	32,549	31,130	31,470	33,431
Total assets	1,027,176	1,204,534	1,338,923	1,580,205	1,888,714
BVPS (Rs)	94.2	102.5	110.4	120.9	135.8
Adj. BVPS (INR)	92.6	100.9	108.7	118.9	133.4
Gross loans	855,640	977,620	1,149,446	1,385,485	1,683,614
Total AUM	855,640	977,620	1,149,446	1,385,485	1,683,614
On balance sheet	-	-	-	-	-
Off balance sheet	-	-	-	-	-
Disbursements	562,930	603,030	696,401	829,654	995,945
Disbursements growth (%)	19.8	7.1	15.5	19.1	20.0
Loan growth (%)	8.3	15.3	17.5	20.6	21.6
AUM growth (%)	5.8	14.3	17.6	20.5	21.5
Borrowings growth (%)	(7.8)	20.5	12.1	20.5	21.5
Book value growth (%)	8.7	8.8	7.8	9.5	12.3

Source: Company, Emkay Research

Asset quality and other metrics					
Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Asset quality					
GNPL - Stage 3	26,980	32,180	36,782	43,643	52,192
NNPL - Stage 3	6,610	9,290	11,035	13,093	15,658
GNPL ratio - Stage 3 (%)	3.2	3.3	3.2	3.2	3.1
NNPL ratio - Stage 3 (%)	0.8	1.0	1.0	1.0	1.0
ECL coverage - Stage 3 (%)	75.5	71.1	70.0	70.0	70.0
ECL coverage - 1 & 2 (%)	2.7	1.8	2.0	2.0	2.0
Gross slippage - Stage 3	-	-	-	-	-
Gross slippage ratio (%)	-	-	-	-	-
Write-off ratio (%)	0.6	0.3	1.1	1.1	1.1
Total credit costs (%)	2.6	2.7	2.4	2.4	2.3
NNPA to networth (%)	2.8	3.6	4.0	4.3	4.6
Capital adequacy					
Total CAR (%)	22.8	21.4	20.8	19.4	18.3
Tier-1 (%)	21.0	19.6	19.0	17.6	16.5
Miscellaneous					
Total income growth (%)	(15.3)	14.6	12.4	20.4	20.8
Opex growth (%)	23.8	13.6	17.6	14.2	13.7
PPOP margin (%)	6.2	6.5	6.1	6.4	6.6
Credit costs-to-PPOP (%)	41.4	41.4	39.6	37.1	35.4
Loan-to-Assets (%)	79.2	77.9	82.3	84.0	85.5
Yield on loans (%)	15.5	16.0	15.6	15.6	15.6
Cost of funds (%)	6.7	7.1	6.9	6.8	6.8
Spread (%)	8.8	8.9	8.7	8.8	8.8

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	18.0	15.7	14.2	11.0	8.5
P/B (x)	1.8	1.6	1.5	1.4	1.2
P/ABV (x)	1.8	1.7	1.5	1.4	1.3
P/PPOP (x)	8.1	7.0	6.4	5.2	4.1
Dividend yield (%)	1.5	1.6	2.3	2.9	2.9
Dupont-RoE split (%)					
NII/avg AUM	9.1	9.5	9.3	9.5	9.5
Other income	1.4	1.4	1.2	1.1	1.1
Securitization income	-	-	-	-	-
Opex	2.0	1.9	1.9	1.8	1.7
Employee expense	2.2	2.4	2.5	2.4	2.3
PPOP	6.2	6.5	6.1	6.4	6.6
Provisions	2.6	2.7	2.4	2.4	2.3
Tax expense	0.9	0.9	0.9	1.0	1.1
RoAUM (%)	2.8	2.9	2.8	3.0	3.2
Leverage ratio (x)	3.7	3.7	4.0	4.4	4.8
RoE (%)	10.3	10.9	11.1	13.2	15.3

Quarterly data					
Rs mn, Y/E Mar	Q1FY25	Q2FY25	Q3FY25	Q4FY25	
NII	21,012	21,781	22,371	21,501	
NIM (%)	11.2	11.2	10.8	10.1	
PPOP	14,676	15,899	14,781	14,240	
PAT	6,853	6,967	6,257	6,358	
EPS (Rs)	2.75	2.79	2.51	2.55	

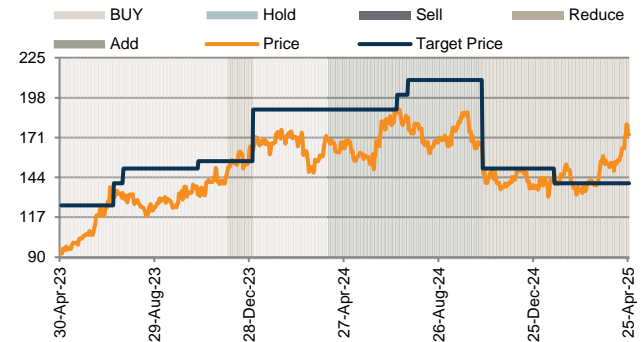
Source: Company, Emkay Research

RECOMMENDATION HISTORY – DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
10-Apr-25	153	140	Reduce	Avinash Singh
03-Apr-25	154	140	Reduce	Avinash Singh
27-Feb-25	139	140	Reduce	Avinash Singh
21-Jan-25	146	140	Reduce	Avinash Singh
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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ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	<15% downside

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